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5

Kobe Quake: A Nightmare Come True

Italian Right Vows to Keep Support From New Coalition

Move Could Torpedo Dini's Planned Cabinet; Berlusconi Wants Vote

By Celestine Bohlen

New York Times Service

ROME — As promised, Italy's new prime minister, Lamberto Dini, named a government of largely nonpartisan ministers with strong professional credentials on Tuesday, but its chances for survival quickly dimmed as the coalition headed by his predecessor, Silvio Berlusconi, vowed to withhold its support.

The attack from the right came after Mr. Berlusconi and his allies in the Freedom Alliance tried unsuccessfully to get members of their outgoing government into the new cabinet, arguing that they were entitled to representation on the basis of their victory in last March's national elections.

Mr. Dini, who had served as treasury minister in the Berlusconi government and, as such, had been expected to win his old ally's backing, said Tuesday night that he had stuck to the mandate he accepted last Friday from President Oscar Luigi Scalfaro, which was to appoint a cabinet of "technicians."

Noting that that mandate had been "agreed and not contested by anyone," Mr. Dini said it excluded the possibility of renaming any of Mr. Berlusconi's ministers. But that argument was promptly rejected by members of the Freedom Alliance, casting doubt on whether Mr. Dini would even survive an initial confidence vote in Parliament.

Speaking to reporters late Tuesday, Mr. Berlusconi suggested possible new room for maneuvering, by saying he would support the Dini government if it pledged to hold early elections. "Scalfaro had made me a promise of elections by mid-June," Mr. Berlusconi said. "It doesn't seem to me that this government intends to respect this promise."

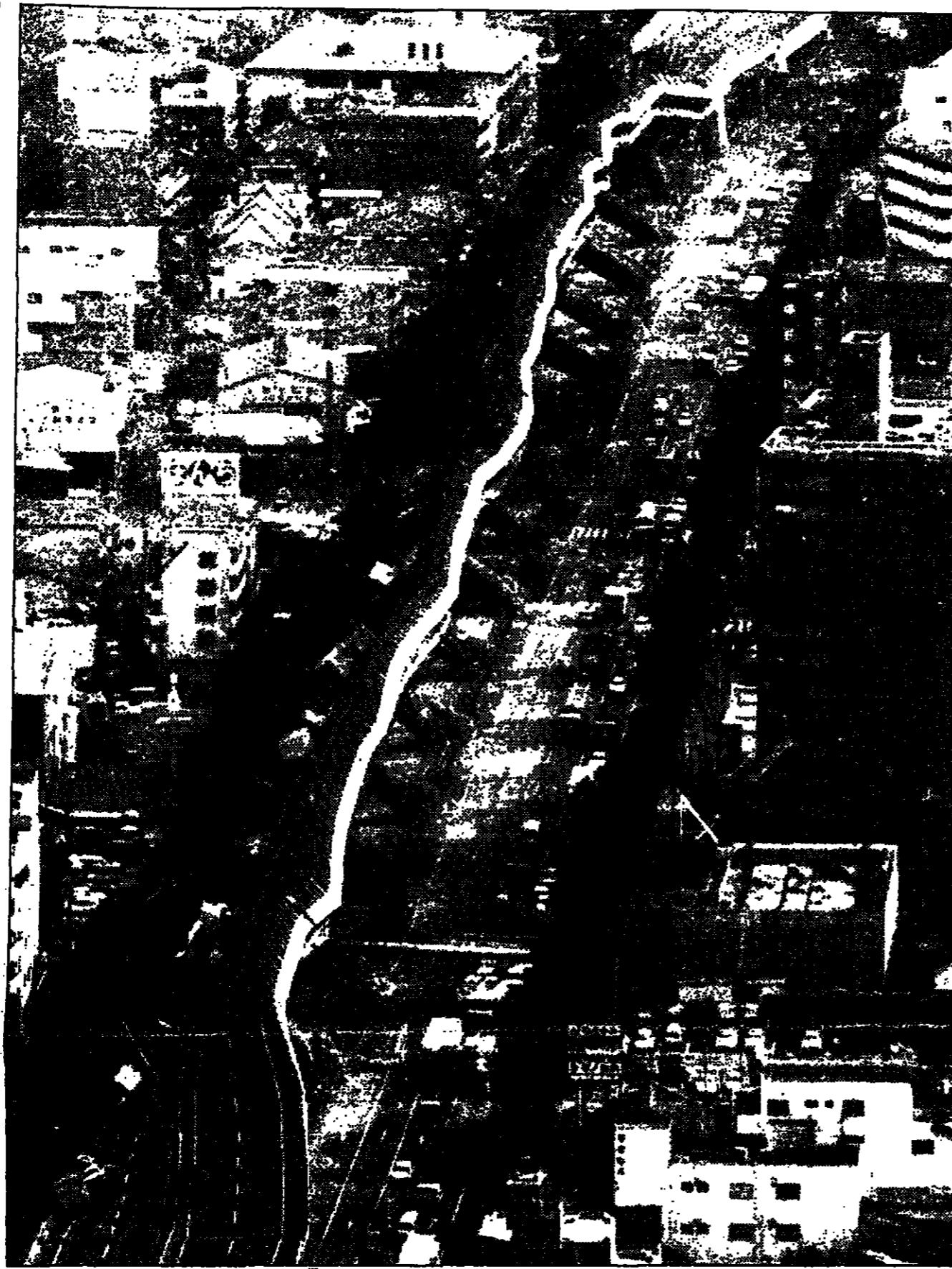
But Gianfranco Fini, head of the National Alliance, which is Mr. Berlusconi's major partner in the Freedom Alliance, was earlier more categorical in his rejection of Mr. Dini's government. "It is an attempt to sterilize the popular mandate," Mr. Fini said, "and it is unacceptable."

Mr. Dini said Tuesday night that he would present his government to Parliament next week, and while admitting to being disappointed by the Freedom Alliance's position, he said he was "confident in the parliamentary debate and in the vote of confidence. Absolutely."

The appointment last Friday of Mr. Dini, a former central banker with long experience at the International Monetary Fund, was greeted with a burst of confidence on Italy's financial markets, while the Italian lira — which had been dropping steadily during the political crisis that followed Mr. Berlusconi's resignation on Dec. 22 — scored a hefty comeback.

Two of Mr. Dini's ministerial nominees, one an economic adviser to Forza Italia and the other an adviser to the National Alliance, said Tuesday night that they were withdrawing their names from the list. The

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The Hanshin Expressway in Kobe toppled on its side from the quake. The epicenter was just outside the city's harbor.

I Thought It Was the End of the World'

Compiled by Our Staff From Dispatches

KOBE, Japan — Residents fought fires with buckets of sewer water. Rescuers dug with their hands for survivors. And everywhere throughout this devastated city, survivors were stunned, exhausted and many were suddenly homeless.

"I lost my stepfather and stepmother," said Kiyoyuki Terada, a 53-year-old woman who made it to a cold, darkened community center that served as a shelter. "There was a bang, then the furniture, the ceiling, the wall — all seemed to fall at the

same time. I looked up and saw the sky. The entire second floor of our house just fell to the ground."

"I thought it was the end of the world," said Minoru Takasu, 64, whose house fell down around him in Nishinomiya, a Kobe suburb.

The night sky glowed red as block after block of wooden homes went up in flames fueled by ruptured gas lines.

Prime Minister Tomiichi Murayama ordered troops into Kobe to help residents battling blazes. But fire-fighting reinforce-

ments from as far away as Tokyo were trapped in long lines of traffic and unable to get to the area.

Noburo Asai, who lives on Port Island off Kobe, said: "Some of the fires appear to be going out. I'm afraid it's because they ran out of things to burn, not because they were put out."

About 100,000 people were left homeless by the earthquake and the aftershocks and fires that followed it. Dazed survivors

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Kiosk

'Suspicious' Devices Mar Clinton Visit

NORTHRIDGE, California (Reuters) — Three "suspicious" items resembling pipe bombs were found Tuesday near a university that President Bill Clinton was to visit, forcing him to cancel his tour.

The White House press secretary, Mike McCurry, said that Secret Service agents "were doing a routine sweep and found suspicious materials" at a construction site next to California State University at Northridge that Mr. Clinton had planned to inspect.

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The spokesman for the Secret Service, Curtis Eldridge, said in Washington that the devices did not appear to be real bombs but that Secret Service agents steered Mr. Clinton away from the area as a precaution.

General News
The U.S. Supreme Court will reconsider race-based preferences.

Book Review
Classified Advertising

By Margaret Shapiro
Washington Post Service

MOSCOW — Prime Minister Viktor S. Chernomyrdin of Russia and a delegation of Chechen officials met Tuesday for exploratory peace talks that the delegation said could soon lead to a cease-fire in the war in Russia's south.

The Chechen prosecutor-general, Usman Imayev, said at a news conference after the surprise meeting that the talks had ended successfully enough that "it is possible to speak of ceasing fire as of tomorrow evening."

The reports of a potential cease-fire

were treated very cautiously here. Other cease-fire attempts to end the five-week-old war in the separatist southern republic have founders even before they went into effect.

In this case, it was far from clear that the

U.S. warns of aid cuts if Russia keeps up the war in Chechnya.

Chechen officials could speak for the Chechen leader, Dzhokhar Dudayev, or whether they had any control over their combatants, many of whom have sworn to fight to the death.

Members of the Chechen delegation said the delegation would return on Wednesday to Grozny, the capital of Chechnya and scene of devastating battles, and present the proposal to Mr. Dudayev.

It was also unclear whether Mr. Chernomyrdin, who seems to be taking a dovish position for himself in the internal Kremlin debate over Chechnya, could speak for the Russian government.

Mr. Chernomyrdin went on television on Monday night to urge a cease-fire, this time without the usual Russian condition

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haps because the Inland Sea is almost surrounded by land.

The major destruction and loss of life occurred in the urban center of Kobe, a city of about 1.5 million and the chief port of Japan's industrial heartland that is roughly at the center of Honshu, the largest Japanese island. The first tremor, which lasted about 20 seconds, collapsed roads, knocked trains off their tracks, wrecked docks and severed communications.

The considerably larger city of Osaka, a major financial center that borders Kobe

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Tokyo appears to be able to pay for the damages without destabilizing markets. Japan's economy is likely to get a small boost as the government invests to rebuild. Seismologists warned that more powerful jolts could be on the way.

To the east, suffered less damage. Two ancient capitals of Japan, Kyoto and Nara, both nearby and both home to many antique structures and artistic treasures, were shaken as well, and some cultural monuments were damaged.

The quake was barely felt in Tokyo, 450 kilometers to the east.

In Kobe, fires evidently caused by broken gas lines continued to rage in the brisk night winds nearly 24 hours after the quake hit. With water lines broken in many areas of the city, fire fighters were handicapped in their efforts to douse the flames.

By the light of the wind-driven fires, rescue workers could be seen digging through rubble that had once been homes. At one home, a rescue team reported hearing a child's voice shouting, "Over here! Help!" But the voice gave out before workers could dig through the collapsed roof.

Like many Japanese cities, Kobe has large residential districts made up of relatively weak wooden homes with heavy tile

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Amid Ruins, Japanese Ask: Where Did We Go Wrong?

By Steven Brill

International Herald Tribune

Japanese archipelago, particularly the capital, Tokyo, home to more than 11 million people and the source of 7 percent of the world's gross national product.

Exactly one year ago, when an earthquake of similar magnitude struck near Los Angeles, searing the world with images of collapsed highways, Japanese engineers boasted that the same thing would not happen here. Buildings in Japan, they argued, were simply better engineered and constructed.

But these same experts were reassessing their views Tuesday.

"I still believe that if we compare similar structures here and on the West Coast of the United States, our situation is better," said Tsuneyo Katayama, a professor of earthquake disaster mitigation engineering at Tokyo University. "But now we have to admit that we have structures weak enough to be damaged by a moderate earthquake if it occurs directly below an urban area."

To Robert Geller, an American who is an associate professor of geophysics at Tokyo University, the damage is a warning that Japanese attitudes about earthquakes are too lax.

"Today's quake shows that people in Japan have been overly complacent about how well prepared they've been," he said. "Ordinary people have been smirking at the level in the U.S., but things are roughly comparable. A reassessment is in order."

The cocky attitude, Mr. Geller says, has led the country to squander more than 100 billion yen (\$1 billion) since 1965 on an earthquake prediction program that has no basis in science. The vast majority of the world's seismologists believe that it is impossible to predict earthquakes in the near-term, a view to which many Japanese sci-

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Singapore Fines IHT and Professor

The Associated Press

SINGAPORE — Five defendants, including an American professor and executives of the International Herald Tribune, were found guilty Tuesday and fined for an opinion-page article that a court here found insulting to Singapore's judiciary.

Justice Goh Joon Seng of the High Court fined the author of the article, Christopher Lingle, 10,000 Singapore dollars (\$6,900). A former senior fellow in European studies at the National University in Singapore, Mr. Lingle has since left the country.

Michael Richardson, the newspaper's Singapore-based editor for Asia, was fined 5,000 Singapore dollars, and Richard McClean, the publisher of the IHT, was fined 2,500 Singapore dollars. The local distributor, International Herald Tribune (Singapore), and the paper's printer, Singapore Press Holdings, were each fined 1,500 Singapore dollars. (Page 2)

Derring-Do: How Poles Spirited Americans Out of Iraq

By John Pomfret

Washington Post Service

the most remarkable clandestine operations of the Gulf War, after Iraq's invasion of Kuwait in August 1990.

Less than a year after the fall of the Berlin Wall, Polish intelligence agents trained to serve the Warsaw Pact snatched six American intelligence officers out of Iraq, including Saddam Hussein's pervasive and ruthless internal intelligence apparatus.

The escape came after the six agents had spent weeks on the run in Kuwait and Baghdad while White House and CIA officials desperately searched for a way to save them. Eventually, they turned to the Poles, who had ties throughout Iraq because of construction work carried out there by Polish engineering companies.

With the help of a senior spy flown in from Warsaw, the agents were given refuge at a Polish construction camp. And in the end, a civilian Polish technician with a knack for improvisation stumbled on a way to get them out.

The daring exploit, masterminded by a man who for 20

years had battled the Central Intelligence Agency as a Warsaw Pact spy, was one of three covert Polish actions during the Gulf War that aided the allied war effort, according to Polish and American sources.

Using skills and knowledge acquired during their late autumn escapade, the Poles carried to freedom 15 other foreigners, mostly Britons, held hostage by the Iraqis as part of Mr. Saddam's "human shield" campaign to deter an allied invasion.

Polish agents, mining information from Poland's substantial construction business in Iraq, also provided the United States with detailed maps of Baghdad and particulars about military installations scattered throughout Iraq, as has previously been reported in the Polish press.

"It was high-risk," said William Webster, who directed the CIA at the time and traveled to Poland in early November 1990 to command the Polish government for

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Dow Jones	Trib Index
Down 1.68	Down 0.46%
3990.66	111.47
The Dollar	previous close
Tues. close	1.5313
DM 1.5328	1.5313
Pound 1.5685	1.5685
Yen 99.105	98.39
FF 5.298	5.2925

Newsstand Prices	
Andorra	9.00 FF
Antilles	11.20 FF
Morocco	12.00 Dh
Cameroun	14.00 CFA
Oman	8.00 Rials
Egypt	1,500 E.P.
Reunion	11.20 FF
France	7,000 FF
Saudi Arabi	9.00 R.
Gabon	900 CFA
Senegal	900 CFA
Greece	250 Dr.
Spain	225 PTAS
Tunisia	1,000 Din
Italy	2,400 Lire
Turkey	1,100 L.
U.S. Coast	1,120 D.L.
U.S. A.E.	45.00 Dirh
Jordan	1.10 JD
Lebanon	U.S. Mil. (Eur.) \$1.10

U.S. Warns of Aid Cuts if Russia Keeps Up Chechen War

By William Drozdiak
Washington Post Service

GENEVA — Secretary of State Warren M. Christopher warned Tuesday that unless Russia halts the bloodshed in Chechnya soon, the continuing war will have "unfavorable consequences" for Moscow that could lead to cuts in American aid.

Mr. Christopher, who arrived here Tuesday morning for two days of discussions with his Russian counterpart, Andrei V. Kozyrev, indicated that the United States was holding in abeyance any decision about a U.S.-Russian summit meeting and making it dependent on how Moscow moved to resolve the secessionist conflict.

"It's an awful and tragic episode and it grows more so," Mr. Christopher said before meeting Mr. Kozyrev for a private dinner. "The Russian leadership knows they have a problem."

As public outrage in Western countries has

grown over the brutality of the Russian attempt to suppress Chechnya's three-year campaign for independence, U.S. and European governments have escalated their criticism and now appear on the verge of taking punitive measures to register their dismay over Russia's behavior.

But Mr. Kozyrev said upon his arrival here Monday night that the Russian government considered the conflict an internal affair and that he would rebut any criticism from Mr. Christopher with questions of his own about American domestic problems.

Russia's bloody attempt to suppress the Chechen separatists has overshadowed the original purpose of the Christopher-Kozyrev encounter, which was supposed to review the parameters of U.S.-Russian relations and try to achieve greater harmony on a broad range of issues, such as Bosnia, Iraq, North Korea and the future structure of European security.

U.S. officials had hoped the Geneva meeting

would help neutralize Russia's opposition to the expansion of the North Atlantic Treaty Organization and get relations back on a more positive track.

But the mounting death toll and flagrant violations of human rights in the Chechnya war have provoked alarm in Western capitals about the course of Russian democracy.

In particular, U.S. and European governments are concerned that President Boris N. Yeltsin may have abandoned the path of reform that he may have surrendered to nationalistic or authoritarian impulses and that the country's fragile institutions may be on the verge of collapse.

Mr. Christopher said that Moscow's international standing had been "seriously hurt" by the war and that hopes for a future partnership with the West had been placed in jeopardy.

He said he would tell Mr. Kozyrev that it was in Russia's own interest to stop the fighting, seek reconciliation with the Chechens, take into ac-

count their views about independence and provide humanitarian relief.

Asked if Russia's failure to take urgent steps to halt the fighting would lead to cuts in American aid, he said it was "only realistic" to conclude that "if the tragedy and bloodshed continues, it will inevitably have consequences in American public opinion and in the Congress that are bound to be unfavorable."

The Russian government has proposed that President Bill Clinton fly to Moscow in May to hold a summit meeting with Mr. Yeltsin on the occasion of the 50th anniversary of the end of World War II.

The celebration of the Moscow-Washington alliance that led to the defeat of Nazi Germany holds immense symbolic importance for the Russians.

But Mr. Christopher said that the "timing and circumstances" of a summit meeting would depend on such events as the fighting in Chechnya.

WORLD BRIEFS

Nuclear Talks Open in North Korea

SEOUL (AP) — U.S. officials began talks in North Korea on Tuesday on long-term storage of Pyongyang's spent nuclear fuel rods, the communist state's official media reported.

The talks, which will continue through Saturday, are to determine the fate of some 8,000 spent fuel rods removed from an experimental reactor. The aim is to keep the North from extracting material from them that can be used to make nuclear weapons.

The official press agency, KCNA, gave no further details except that the U.S. delegation arrived in Pyongyang for the second round of expert talks under an Oct. 21 nuclear agreement between the United States and North Korea. The first round of talks took place in November. The South Korean news agency Yonhap, in a report from Washington, said the U.S. officials will provide technical advice to North Korea on how to store the rods safely.

Israel Reneges on Settlements Pledge

JERUSALEM (AP) — More than 2,000 housing units were approved in Jewish settlements in the occupied West Bank last year despite a government promise to the United States to stop most building, according to a study released Tuesday.

The total number of homes now under construction in settlements is about 4,000, the Contractors Association said Tuesday. According to a Housing Ministry report leaked to the Israeli media, the government plans to accelerate the pace of building this year.

The building drive, with an emphasis on Jerusalem satellite settlements, appears to be part of a last-minute dash in the West Bank before Israel and the Palestinians begin negotiations on the final status of the disputed lands next year. Palestinian leaders and Israeli liberals warned Tuesday that the government could severely damage autonomy negotiations.

Deng 'Generally' Healthy, China Says

BEIJING (AFP) — The Chinese government sought Tuesday to dampen speculation over the health of its paramount leader, Deng Xiaoping.

In the first official reaction since Mr. Deng's youngest daughter said last week that his condition was deteriorating daily, a Foreign Ministry spokesman said he was "generally" healthy. "As far as we know," the spokesman said, "for an old man in his 90s, Comrade Deng Xiaoping is generally speaking in good health."

In a New York Times interview, Mr. Deng's daughter, Deng Rong, revealed for the first time that her father was unable to stand or walk without support, fueling speculation that he was approaching death.

Camps for Rwandans Will Be Moved

KIGALI, Rwanda (Reuters) — Camps in Tanzania and Zaire for up to 1.5 million Rwandan refugees are to be moved more than 50 kilometers (30 miles) away from the borders of Rwanda, a United Nations envoy said on Tuesday.

The special envoy of the UN High Commissioner for Refugees, Carroll Fauber, did not say when the Rwandans would be moved, but aid workers said they expected it would be later this year.

They said the move would be intended in part to increase security in Rwanda by making it more difficult for militiamen based among the refugees to launch cross-border raids. Relief agencies also hope that the greater distance from Rwanda will encourage more refugees to return to their homeland.

Lang Open to French Presidency Run

PARIS (Reuters) — Former Culture Minister Jack Lang announced Tuesday that he was ready to run in France's presidential election unless a better contender emerged to unite the Left.

Mr. Lang, a close associate of President Francois Mitterrand and the best-placed champion of the Left in opinion polls, was the second Socialist politician to step forward, after former Education Minister Lionel Jospin. But opinion polls show that the conservative prime minister, Edouard Balladur, has a wide lead over all potential rivals and would easily crush any Socialist candidate.

"I am prepared to run for president of the republic unless someone else embodies better than I do our ideals of unity and enthusiasm, a personality who can move mountains," Mr. Lang said, adding, "Let those who believe in us cease despairing."

TRAVEL UPDATE

Some Cars Scrape on Channel Trains

LONDON (AP) — About 100 cars with low ground clearance have been damaged driving onto "Le Shuttle" trains, where they scraped metal equipment between the train cars, according to a spokeswoman for the operating company, Eurotunnel.

This is just a fraction of the 90,000 cars that the tunnel has carried between Folkestone, England, and Calais, France, since opening last year, the spokeswoman, Jane Bowles, said Tuesday. Most of the damage has been minor, she said. "There are 25 significant problems, exhausts ripped out or even bigger problems than that," she added.

As a short-term solution, Eurotunnel has devised a small hurdle for cars to drive over before they board the shuttle trains. Any vehicle that lacks the required clearance of 10 centimeters (4 inches) is put in the last train car and driven in reverse as it exits.

Passengers traveling between seven European countries will soon use magnetic cards rather than show passports at Amsterdam's Schiphol Airport. Starting March 26, the cards will be issued during check-in and on arriving aircraft. They will allow passage through turnstiles. The procedure is temporary, until construction changes required under the so-called Schengen Treaty are completed.

Belgium's national railroad inaugurated a quicker link with Paris on Tuesday as a high-speed TGV train left the Brussels South Station with reporters aboard. Regular service is to start on Monday.

American Airlines said it would terminate service between London and Philadelphia, and increase daily flights between New York and London to seven in each direction, up from five. (AP)

Santer Puts Out A Potential Fire

By Tom Buerkle
International Herald Tribune

STRASBOURG, France — Jacques Santer defused a potential political crisis and ensured the approval of the European Union's executive body Tuesday by promising to work closely with the European Parliament "to serve the citizens and peoples of Europe."

With a political astute, if uninspired, address to Parliament that reached out to EU supporters and skeptics alike, the Luxembourg prime minister acknowledged the deep divisions that led to his selection as a second-choice successor for Jacques Delors as president of the European Commission.

Mr. Santer promised to lead the EU toward a single currency by the end of the decade and to rebuild Europe's competitiveness. He also pledged, in a thinly veiled criticism of Prime Minister John Major, to try to end Britain's exemption from EU social legislation and to prevent any more weakening of other EU policies.

But Mr. Santer also bowed to growing demands from national capitals for a more limited, practical EU agenda. He vowed to fight fraud from EU subsidies and to limit commission initiatives to areas where they were needed.

"We should take as our motto, 'Less action but better action,'" he said.

Leaders of Parliament's three largest blocs, the Socialists, the Christian Democrats and the Liberals, said the performance was impressive enough to merit approval for a five-year term when the chamber votes



Credit: AP Wirephoto
Jacques Santer, left, with several prospective commission members Tuesday at the European Parliament in Strasbourg.

Paris Now Urges Algiers to Talk With Militants

By Youssef M. Ibrahim
New York Times Service

PARIS — France appears to have nudged the Algerian military government, which it has consistently supported, to engage the militant Islamic opposition in a peaceful discussion on ending the three-year civil war.

A statement Monday from France's Foreign Ministry called upon "all actors in Algerian political life" to follow up on proposals advanced last week in Rome by eight Algerian opposition parties as a way out of the conflict that has taken 30,000 lives. The fighting began after the Algerian government

canceled parliamentary elections that the Islamic movement had been expected to win.

France appeared noncommittal last week about the Rome conference, saying only that a peaceful solution to the conflict in Algeria was desirable. France has so far supported the Algerian government's policy of "total eradication" of the groups carrying out the violence.

Italy, Germany, Spain and the United States supported the proposals of the Rome meeting, which included representatives of the Islamic Salvation Front, the main Muslim opposition group in Algeria.

The nuances of the French position are closely watched by Algeria, a former colony whose government continues to depend on France for financial and political support as well as military aid in fighting the fundamentalist insurrection.

The French position has been hotly debated within the conservative government of Prime Minister Edouard Balladur. The statement Monday is very likely to temper the Algerian government's harsh reaction to the Rome meeting.

The Algerian groups at that meeting called for a cease-fire preceded by the release of

10,000 political prisoners, most of them allied with the Islamic Salvation Front. They also proposed forming a transitional national unity government to prepare new elections.

The Algerian government rejected the proposals.

France's statement on Monday emphasized that all parties in the Algerian political arena including Muslim militants must play a role in ending the conflict.

While it stopped short of mentioning the Islamic Front by name, it indicates a change in the French attitude that the Muslim movement was advocating violent solutions.

Ireland, Nation of Pubs, Debates Stiffer Drunken Driving Law

By James F. Clarity
New York Times Service

GLENCCULLEN, Ireland — The Irish, often stereotyped as a nation of alcohol-frazzled tipsy paddies, are engaged in a countrywide debate over the blessing of drink versus the curse of driving home and being nailed by police officers enforcing the tough new drunken driving law.

The emotional dialogue is filling newspapers, television screens, living rooms and, of course, most of the country's 10,200 pubs.

The new law, in effect since early last month, limits the legal amount of alcohol in a driver's blood to 80 milligrams per 100 milliliters of blood, bringing it close to European averages. Before, the limit was 100 milligrams.

The penalties are tougher under the new law. A person caught driving in violation of the law is subject to a \$1,500 fine, prohibited from driving for two years and compelled to retake a driving test.

The law's supporters point out that it will save lives, but opponents say the law is draconian in intruding into every Irishman's traditional right to "have a drop taken," as they say here, particularly in pubs, the center of social life in much of Ireland.

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High Court Justice Goh Joon Seng announced the fines in a contempt case about an opinion-page article published on Oct. 7 in the IHT that criticized unidentified Asian judiciaries.

"I find all five respondents guilty of contempt by way of scandalizing the Singapore judiciary," he told the court.

Justice Goh said he had "no doubt" the offending passage "referred to, and was intended by [its author] Christopher Ling to refer to Singapore."

"In rural Ireland, most things revolve around the pub and local post offices, and that's the way we've socialized for the last 500 years," said Tony McMahon, the owner of Fox's Pub, a large traditional drinking place in the mountains 12 miles southeast of Dublin.

Mr. McMahon and his wife, Geraldine, estimate that they have lost 20 percent of their business because of the law. He contended that "social life has come to a standstill in rural areas" like Glencullen, where Fox's sits on a mountainside.

Mrs. McMahon spoke bitterly of the man who was minister of environment when the law was passed, saying that if he "had even a lick of intelligence he would know that what kills people, not a few drinks."

"If they did with speeding laws what they did with drinks, they would save more lives," she said.

The government takes about \$1.5 billion a year in alcohol taxes, and opponents of the new law contend that it will mean lost revenue and lost employment for those who make and sell alcoholic drinks in Ireland.

But supporters say that the lower limits are already saving lives, and government officials,

who supported the law because they felt it was the right thing to do, say they will not back down on the new limits.

The Reverend Bernard McGuckian, a Jesuit who is director of the Pioneer Total Abstinence Association, reflects the government's view. "When people were on horseback and donkeys, there wasn't the same need for care on the roads," he said in an interview in his office in Dublin. "Now we're bringing ourselves into line with Europe."

Although the pub is often at the center of social life in Ireland, statistics contradict the stereotype of the Irish as heavy drinkers. Father McGuckian said a 1994 survey by his organization indicated that 33 percent of the population were teetotalers. European Union figures for 1991 indicate that the Irish consume the equivalent of about 2.3 gallons of pure alcohol a year, lower than in all member countries except Britain and approximately the same as in the United States.

But alcoholism here is a serious problem, with consumption rising among women and teenagers, producing some 150,000 alcoholics in a population of 3.5 million.

The argument about the new law is raging in

the pages of the nation's highly respected daily, the Irish Times. One columnist who opposes the new limit, Nuala O'Faolin, wrote that "going to the pub is an assertion of personal autonomy, and part of that is leaving the pub when you want to."

But Michael Finlan, the paper's correspondent in largely rural western Ireland, wrote: "The new driving law, which has brought Ireland's booze levels into line with safer standards, has spawned a lot of silly talk about the social fabric of rural Ireland being torn apart for want of just one more drink for the road." An Irish Times editorial referred to "doubtful arguments about the life style of rural dwellers."

Generally, Ireland's political leaders over the years have set a good example on drinking, but the serious debate there is room for amusing stories about famous drinkers.

Perhaps Dublin's favorite drinking-at-the-wheel story is told about a former prime minister, who was stopped by a police officer for going the wrong way on a one-way street.

" Didn't you see the arrows?" said the police officer. "Arrows?" said the prime minister. "I didn't even see the Indians!"

Singapore Court Fines IHT and American Professor

Reuters

SINGAPORE — A Singapore court fined an American professor and officials of the International Herald Tribune on Tuesday after finding them guilty of contempt for a published article.

High Court Justice Goh Joon Seng announced the fines in a contempt case about an opinion-page article published on Oct. 7 in the IHT that criticized unidentified Asian judiciaries.

"I find all five respondents guilty of contempt by way of scandalizing the Singapore judiciary," he told the court.

Justice Goh said he had "no doubt" the offending passage "referred to, and was intended by [its author] Christopher Ling to refer to Singapore."

Mr. Ling, a former teacher at the National University of Singapore who quit his job and returned to the United States last October, did not return to face charges and was fined 10,000 Singapore dollars (\$6,900).

Michael Richardson, the IHT's Asia editor who wrote the article, was fined 5,000 Singapore dollars. Richard McClean, the newspaper's Paris-based publisher, was fined 2,500 Singapore dollars. The local distributor, International Herald Tribune (Singapore), and the printer, Singapore Press Holdings, were each fined 1,500 Singapore dollars.

KOBE QUAKE /

With Japan Able to Cover Cost, Markets Stay Steady

Fears of a Massive Bond Sell-Off Recede

By Carl Gewirtz

International Herald Tribune

PARIS — The Japanese appear to be able to pay for the damages from Tuesday's earthquake without destabilizing world financial markets, analysts say.

For years, experts have worried that one day Japanese investors would be obliged to sell some of the tens of trillions of yen's worth of foreign bonds and stocks they own to finance the cost of earthquake repairs.

The potential for destabilizing world financial markets results from the heavy investments, mostly in bonds, that Japanese institutional investors have poured into foreign markets — not least as a means to insure themselves against the impact of a devastating earthquake at home. In recent years, heavy purchases have made the Japanese the largest single group of buyers of foreign securities.

Traders attributed some weakness in U.S. bond prices in early European trading to fears about possible selling from Japan. Subsequently, bond prices eased in New York, but traders said that this was mostly in reaction to U.S. economic data indicating that the Federal Reserve Board will have to contin-

ue increasing short-term interest rates.

The yen was little changed as traders were unsure whether even a moderate repatriation of cash from the sale of foreign securities might not cause the yen to move up.

Stock prices in Tokyo declined 0.46 percent, to close at 19,241.31, down 89.85 points.

Analysts said big increases in the shares of construction companies offset losses registered by the big insurance companies.

Although analysts insist that it is still too early to estimate the extent of the damage and the likely repair cost, they report that initial indications are that the severe earthquake was not such a blow as to be catastrophic.

Brendan Brown, London-based analysts at Mitsubishi Finance International, estimated that a catastrophic event "would knock out 10 to 20 percent of the nation's productive capacity."

Analysts at J.P. Morgan estimated the amount of outstanding U.S. government and agency bonds at \$4.5 trillion, and the government itself estimated last June that nonbank foreign investors held some \$633 billion of U.S. government debt.

Just the First in Series of Jolts?

Quake May Be Triggering 'Other Movements'

Compiled by Our Staff From Dispatchers

TOKYO — Even as Japan struggled to cope with the strong earthquake that shattered Kobe, seismologists warned Tuesday that more powerful jolts could be on the way.

"The movement of active faults like this one would trigger other movements," said Kazuo Oike, a Kyoto University seismologist. "We might face similar major quakes."

In the weeks before the earthquake early Tuesday morning, Japan had had an unusual amount of seismic activity. Most of the quakes were in the northern part of the country.

The last big quake in western Japan, in 1946, measured 8.0 on the open-ended Richter scale

and killed more than 1,300 people. The region around Osaka and Kobe had been nearly free of quakes for some 40 years.

That changed with Tuesday's quake, which measured 7.2. Experts said more violent tremors might be in store.

Mr. Oike said the quake marked the start of a seismically active phase that could last two or three decades. In the short term, he said, big aftershocks are likely to shake the region around Kobe for the next several months at least.

"Stress has been building up for some 40 years," he said, "and there is still a lot left."

Some seismologists say they think a quake of magnitude 8 or so is likely to occur in the area about every century.

U.S. Experts Are On Way As Clinton Lends a Hand

The Associated Press

NORTHRIDGE, California — President Bill Clinton, marking the one-year anniversary of a deadly earthquake in Northridge, California, on Tuesday ordered a high-level delegation to Japan to help it cope with the "extraordinary fury" of its quake.

Mr. Clinton said he ordered officials from both the Federal Emergency Management Agency and the Transportation Department to travel to Japan.

General John M. Shalikashvili, chairman of the Joint Chiefs of Staff, is already in Japan and has promised U.S. military support. Mr. Clinton said.

The Northridge earthquake killed 61 people, injured at least 9,000 and caused \$20 billion in property damage.

Major Earthquakes in Japan

1909 Anagawa, central Japan, 6.8 on the Richter scale. 4,111 people killed.

1914 Sempoku, northern Japan (7.1 Richter), 94 people killed.

1923 Kanto Plain (7.9 Richter). Fires after the earthquake killed about 140,000 people in Tokyo and Yokohama.

1925 Kita Tazawa, western Japan (6.8 Richter), 428 people killed.

1927 Kita Tazawa, western Japan (7.3 Richter), 2,935 people killed.

1930 Kita Izu, west of Tokyo (7.3 Richter), 272 killed.

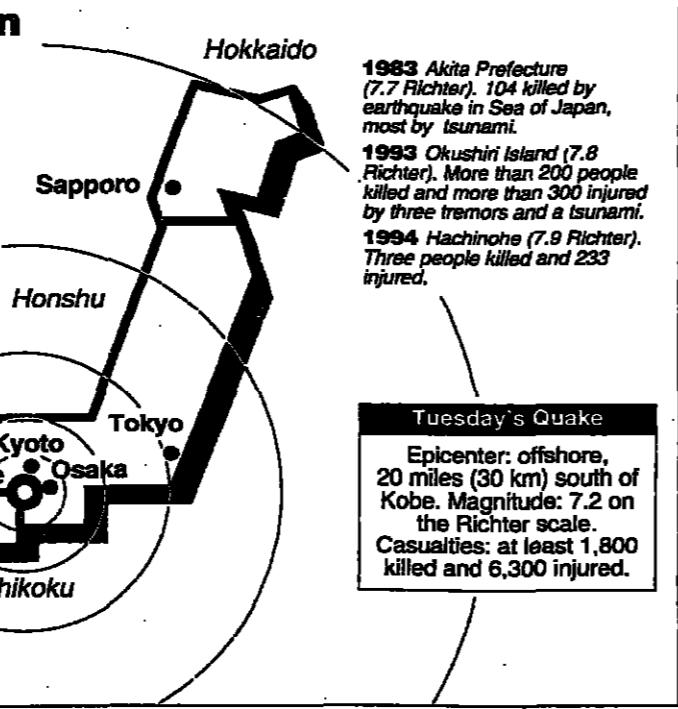
1933 Miyagi Prefecture (8.1 Richter). A tsunami, or huge postseismic wave, killed 3,064 people.

1943 Tottori, western Japan (7.2 Richter), 1,063 people killed.

1944 Himeji Nankai, central Japan (7.9 Richter). Tsunami and initial shock killed 998 people.

Quake magnitudes measured on the open-ended Richter scale. In parentheses, magnitude 5.5 indicates slight damage; magnitude 6, severe damage; magnitude 8, tremendous damage.

Source: NYT, AP.



Toll on Cultural Monuments Is Heavy

Agence France-Presse

TOKYO — The earthquake that hit Kobe and other Japanese cities Tuesday has taken a heavy toll on cultural monuments.

Japan's ancient imperial capital of Kyoto, 90 kilometers (55 miles) east of Kobe, was badly hit, damaging irreplaceable national treasures.

Kyoto was the capital of Japan and home to the country's emperors for over 1,000 years, until 1869. Ancient temples, shrines and other historical valuables attract about 20 million visitors each year.

Three wooden Buddha statues in Koryuji Temple — dat-

ing back to the early years of the Heian Era, which began in 794 — were broken after being dislodged by the tremors, a monk at the temple said.

Tiles fell off the roof of Toji Temple, which has been designated a site of world cultural heritage.

Part of the halo of six Buddha statues was damaged at Seiryoji Temple, also regarded as an important national treasure.

Several stone lanterns in the garden of Nishi-Honganji Temple toppled, while cracks appeared in the walls of the Temple and Daigoji temples.

Four of its famous 1,001 Senju Kannon statues were left tilted.

The earthquake also damaged the wooden structures of Tofukuji, Rokuharamitsuji, Kodaaji and Ninnaji temples.

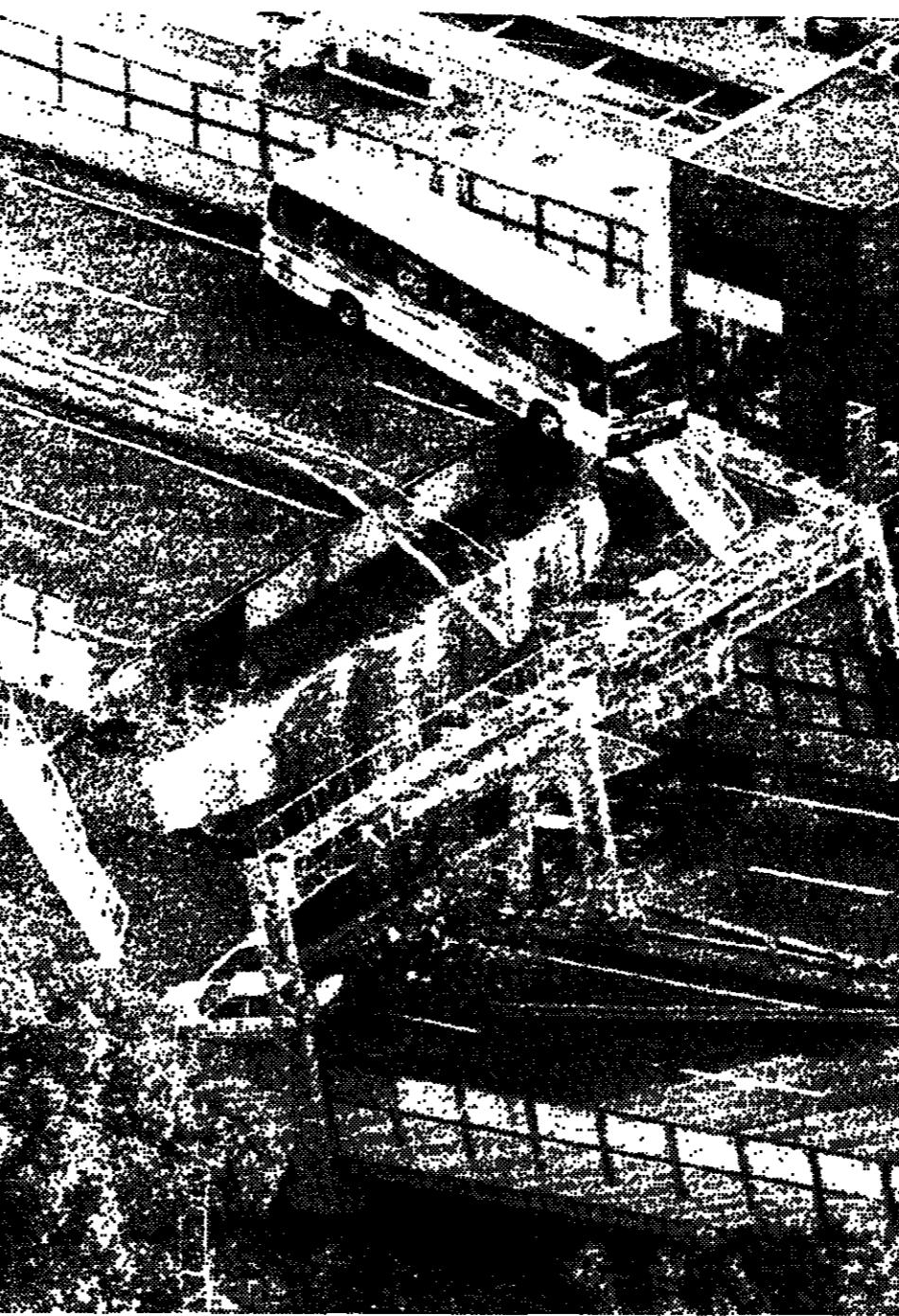
In Kobe, hardest-hit by the earthquake, the Ikuta Jinja Shinto shrine was all but destroyed. Its torii gateway and stone garden lanterns collapsed.

The famous annual French scientific conference of MEDICAL ULTRASOUND — SPALEMB '95 — held in Paris on March 30/31 & April 1-5 will be dedicated to TELEMEDICINE.

Telemedicine for entrepreneurs, scientific discussion and for teaching will be experienced all along the three days.

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Contact Prof Dr Jean-François Marquet Fax: (33-14) 20 94 04 or 07 34 41 99.



John P. McHugh/Reuters

First Bullet Trains Had Not Yet Rolled

Reuters

TOKYO — When the earthquake struck central Japan, the bullet trains in Japan Rail's fleet were still waiting silently in their sheds early Tuesday morning.

Fourteen minutes after the 5:46 A.M. quake, the first Shinkansen was scheduled to leave Shin-Osaka station and would soon have been hurtling west toward Kobe at up to 230 kilometers an hour (140 miles an hour).

The tracks it was due to run on are laid on overhead railroads, 40 meters (130 feet) or so above ground that includes densely populated residential districts.

The earthquake flung railway tracks to the ground at eight different places.

Railway officials said that if a fast-moving train had hit any of these sections, it would most likely have derailed and could probably have plunged onto the houses below.

"We can only speculate, but

Strong Aftershocks For the Economy

The Short-Term Devastation Could Give Way to Some Gains

International Herald Tribune

Some of the short-term consequences were immediately clear with terminals at the Kobe port, Japan's second largest, inoperable. Shipping lines were considering sending ships to alternative ports in Japan.

Plants across the region also came to a halt. Kobe Steel Ltd. ceased operation at two major steelworks. Daishatsu Motor Co. stopped production at two factories. At least two oil refineries and several oil processing units were shut down, according to news reports.

But in the short term, they said, the cost in lives, transport links and other assets is bound to depress the economy of the hard-hit Kansai region, which produces about one-eighth of the nation's output.

But over the long term, the disaster could accelerate government spending, not only in areas affected by the earthquake but across a country whose infrastructure remains far behind the standard of other developed nations.

"It's going to hinder production dramatically for a few months," said Kenneth Courtis, senior economist at Deutsche Bank Capital Markets Asia. "But I don't think it will be a depressant. Quite the opposite. Longer term it will lead to tremendous political momentum for renovation of infrastructure."

The full financial cost of the earthquake will not be known for days. But preliminary estimates ranged upwards of 1 trillion yen (\$10 billion).

"You're talking some tenth of a percent of gross domestic product that will have to be spent to rebuild, maybe over a couple of years," Peter Morgan, chief economist at Merrill Lynch Japan Inc., told Reuters.

"There will be some disruption of production facilities," he said, "but it is positive for GDP because you get extra spending."

Japan's chief cabinet secretary, Kozo Igarashi, said the government would provide financial assistance once an assessment was completed.

The Finance Ministry said that government-affiliated banks would extend low-interest loans to earthquake victims.

— STEVEN BRULL

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International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Chechnya Choice

At some point the disproportional and indiscriminate air power and artillery fire that Russia has continued to pour on Grozny's undemanded and unarmed defenders is bound to enable the attackers to prevail. But even then the Chechens, not for the first time hardened in combat against Russian might, may well be of a mind to carry on armed resistance indefinitely. In short, there will be a continuing requirement for a political settlement between the government in Moscow and the Chechnya independence forces. It is vastly to Russia's advantage to bring about that result sooner rather than later and in a manner that allows it to shrink its dilemma in Chechnya to manageable dimensions and to move on from its disastrous performance in this round.

For a while it seemed conceivable that a Russian-declared temporary cease-fire might take hold. But the Russians foolishly insisted on terms reflecting a victory that Moscow is far from winning either on the battlefield or in broader Russian or international opinion. No doubt the Chechens are difficult interlocutors. But President Boris Yeltsin badly needs to demonstrate to all his audiences that he can shape an acceptable political space for people who are

—THE WASHINGTON POST.

Business on Welfare

Republicans will have to cut more than \$1 trillion out of the U.S. federal budget over seven years in order to pay for their promise to cut taxes and balance the budget. If Social Security and defense are exempted, as many Republican leaders insist, that means that the remaining programs must be cut by 30 to 40 percent. This benighted pledge, if fulfilled, will wreck government programs, good and bad. The damage could be mitigated by requiring defense to absorb its fair share of the cuts, and by eliminating the huge, unjustified, federal subsidies and tax breaks doled out every year to wealthy companies and other special interests.

Republicans have already declared war on Aid to Dependent Children and other forms of welfare — including food stamps, housing assistance and child nutrition — that cost about \$50 billion a year. Secretary of Labor Robert Reich challenges them to go after another form of welfare, equally large or larger, which he mockingly labels "Aid to Dependent Corporations." Corporate welfare, according to a meticulous although partial Leadership Council, exceeds \$40 billion a year. The Leadership Council estimates that a thorough search would turn up between \$60 billion and \$75 billion a year.

That pile of wasteful giveaways should provide plump pickings for John Kasich, the forthright head of the House Budget Committee, and other Republican budget cutters. By going after corporate welfare, they can invest more in training, education, infrastructure and scientific research as well as preserve help for the needy even as they proceed with their frenzied attack on federal spending.

Some handouts are justified. Government should underwrite basic research, for example in biotechnology or materials science, that has the potential to enrich society even if any one company is

—THE NEW YORK TIMES.

A Dignified Memorial

With the year 2000 now in sight, it is clear that the Reverend Martin Luther King Jr. was the most important public figure to emerge from the Deep South in the 20th century. He was not simply a regional figure, of course. By destroying segregation in his home territory, he redefined America's approach to human rights and released political energies that have touched citizens as far away as China and South Africa.

But great leaders leave personal as well as global histories. They belong to the family of humanity, but their individual families can be battered cruelly in the conflicts that swirl around such leaders. This was the case with the family of Martin Luther King's role model, Mahatma Gandhi, and it is also the case with the King family.

Mr. King's widow, Coretta Scott King, has conducted her life with dignity and with true dedication to the causes and people championed by her husband. But sadly, she and her children are now engaged in a needless and damaging battle with the National Park Service over the administration of Mr. King's boyhood home and the surrounding neighborhood in Atlanta, known as the King Historic District.

Relations between residents of the neighborhood and the Martin Luther King Jr. Center, where the civil rights

—THE NEW YORK TIMES.

leader is buried, have often been tense. Now many of Mr. King's allies in the civil rights movement are offended by a plan being pushed by Mr. King's son, Dexter, to build a Disney-style theme park under the auspices of the for-profit King family estate. This plan's strong whiff of commercialism offends the dignity of the crusade that Mr. King led and for which he was martyred.

The National Park Service's preference for traditional memorial sites and museums, like the successful civil rights museum in Birmingham, makes sense.

The Park Service, for its part, needs to be sensitive to King family concerns that Mr. King's message not be homogenized and robbed of its radical nature.

Federal authorities should also keep in mind that existing facilities would not exist without Mr. King's initial efforts.

That said, common sense militates against the flashy approach. Just as the Disney organization was wrong in its plan to build a theme park on hallowed ground in Virginia, the King family is misguided in its attempt to build a \$60 million high-tech tourist attraction along Atlanta's "Sweet Auburn" Avenue. The South's great movement and its great leader deserve a dignified memorial in keeping with the grandeur of their accomplishments.

—THE NEW YORK TIMES.

Get Serious About the United Nations' Next 50 Years

By Jessica Mathews

WASHINGTON — Some bad angel arranged that the 50th anniversary of the United Nations, which should be the occasion for clear thinking about what kind of institution the world needs for the next 50 years, would be the year when the Washington vogue is United Nations-bashing, slashing spending on anything foreign, and, among the newcomers especially, an indifference to America's role in the world.

This year will see a flood of studies and commission reports on reinventing the United Nations that will have a common thrust: that demands on it will inevitably grow because of more threats and needs that governments cannot address on their own. The clash with Washington's inclination could not be more stark.

The United Nations was created to deal with threats to the peace from states acting against other states. It was conceived as an institution of, by and for governments. In the next 40 years it ran a dozen peacekeeping missions; seven major arms control treaties were negotiated under its auspices. But the founders' ambitions in the security sphere were hamstrung by the Cold War standoff. Meanwhile, the organization gradually turned into something different.

Among its accomplishments, it managed the transformation of colonies into countries, applied sanctions in South Africa and Rhodesia, stimulated economic recovery and monetary stability and extraordinary growth in the developing

world through the International Monetary Fund and the World Bank, built global cooperation on weather monitoring and prediction, created the International Atomic Energy Agency to contain the nuclear genie, wiped out smallpox, made international air travel and ocean shipping safe and possible, and allocated communication bandwidths to avoid global cacophony.

By the fall of the Berlin Wall, the United Nations was less a peacekeeper than a vital housekeeper for a more crowded, more interdependent world.

Since 1990, the institution has changed again. The peacekeeping role has exploded — more was spent in 1993 than in the previous 48 years. So has refugee and humanitarian support. The press and the public, writes former Undersecretary-General Brian Urquhart, increasingly think of the United Nations as a present or potential world police force and humanitarian rescue service, an "embryonic public-service sector of a world community that does not yet exist." Oddly, given Washington's rhetoric, American public support for the United Nations in this guise has never been stronger.

And for the future? Peacekeeper, housekeeper, global social safety net or all three? How much can the United Nations do? What must succeed, and what could be done by others? If more

will be asked of the system than there are funds to support, what must be closed down, shrunk or allowed to fail?

Can an institution that must beg rather than tax, and accept whomsoever governments choose to send for its staff, ever be run effectively? In a world where governments are no longer the only international actors, should the United Nations make more room for nongovernmental organizations, business and the other voices, and if so, how?

Those who believe that the peacekeeping role is the United Nations' sine qua non spend time pondering who should sit on the Security Council, the creation of a UN voluntary force, or how, at least, to put in place a staff authority capable of planning and deploying military missions in unfriendly environments so that the response to every crisis need not be built from scratch.

For those who see the greater threats coming from state failures rather than state actions, and from the combined effects of poverty, joblessness, environmental decline and a billion more people each decade, the focus is not the Security Council but the Economic and Social Council and how to meld the dozens of UN agencies, now funded and run as independent fiefdoms, into a coordinated whole.

The balance between the effort and funds devoted to emergencies versus those targeted to long-term development is also an increasingly urgent matter.

The waste, fraud and abuse types have

a long agenda. The United States has spent inordinate energy forcing an inspector general's office down the United Nations' throat, but what really matters for starting the institution down a new management path will be the clout of the next secretary-general.

Among those mentioned for the post, the Canadian businessman Maurice Strong asserts that the United Nations "could work better than it does today with less than half as many people." After years spent in various UN jobs and having cut a quarter of the work force as CEO of Ontario Hydro, North America's largest utility, Mr. Strong has reason to be taken seriously.

In contrast to this long agenda, Washington's interest is largely confined to the cost of UN dues (currently less than 1 percent of the defense budget for everything, including peacekeeping) and the command arrangements for U.S. troops in multilateral missions. Although important, neither comes close to the choices that will determine whether the United Nations serves global (or long-term U.S.) needs in the coming half-century.

A deep ambivalence over whether the United States want a strong and effective United Nations (Americans would prefer unilateral solutions, but know that they cannot afford them) has so far kept it away from a now pressing consideration of what the world needs a global body for and how to manage and pay for it.

The Washington Post

Expand NATO Only When and If the Russians Make It Necessary

By Michael E. Brown

This is the second of two articles.

CAMBRIDGE, Massachusetts — The West must not be sanguine about Russia's imperialistic history, its aggressive policies today in the Caucasus in particular, or the prospects for democracy in Russia. It is entirely possible that Russia will embark on an expansionist course in Europe in the future. But it is also possible that Russia will continue to evolve in benign ways. It would be the height of folly for the West to undermine this process.

Some of the steps that should trigger NATO expansion include: Russian withdrawal from the Conventional Forces in Europe treaty; a buildup of Russian conventional forces near neighboring states in the West; the use of military threats against any neighboring state; discontinuation of the denuclearization process; violation of the Russian pledge to respect Ukraine's sovereignty; absorption of Ukraine or Belarus into the Russian Federation; or transformation of the Commonwealth of Independent States into a federal entity.

NATO policy should be designed to deal with both these problems. It should guard against the possibility of Russian aggression, while maximizing the prospects for political reform in Russia. NATO expansion should therefore be tied to strategic circumstances. If Russia takes steps to threaten Central Europe militarily, then NATO should offer membership to as many states in the region as possible.

NATO should declare that it will expand if necessary, but that it will not expand until strategic circumstances call for that step.

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OPINION

In Pyongyang, With One Objective

By Bill Richardson

The writer is a Democratic congressman from New Mexico and a member of the House Intelligence Committee. This is the first of two articles.

Dec. 15-Dec. 17: I am on my way from Washington to North Korea to examine the U.S.-North Korean nuclear accord, to assess the possibility of dialogue between North and South Korea and to discuss human rights issues. Awaiting my flight to North Korea at Beijing's airport, I am struck by how eagerly the North Korean representative at the United Nations seems to welcome my one-day visit to Pyongyang and how rapidly and efficiently our visas are stamped at the Air Koryo counter.

Sitting next to a North Korean who looks like a young Mao, I focus on my mission for the House Intelligence Committee. Typically, no schedule has been provided by the North Koreans nor have we any idea where we will be staying. I don't know what to expect as our flight lands uneventfully in Pyongyang, on a dark North Korean night.

Dec. 17: On arrival, a Beijing reporter asks me to comment on the downing of a U.S. military helicopter. I am a bit perplexed when my hosts from the Foreign Ministry separate the journalists from me before any exchange can take place. A blizzard of television lights blinds me as I get into my escort car and our delegation makes a quick exit. Later I am told the television footage shows me looking extremely tired. My wife is more blunt: "You looked awful, in a total daze." We had been traveling for more than 30 hours, with stops in Los Angeles, Hong Kong and Beijing.

As we speed away in the Mercedes-Benz provided by our North Korean hosts, Deputy Foreign Minister Song He Gyong gives me an outline of what appears to be a solid schedule replete with high-level appointments.

I immediately press Mr. Song about the helicopter incident. Mr. Song says that the helicopter was shot down at about 10:40 that morning after it intruded five kilometers into North Korean territory.

Mr. Song informs me that one of the pilots was killed and the other wounded. I tell Mr. Song that it is critically important to quickly return the wounded pilot and the remains of the other. In what becomes a familiar litany by the North Koreans, Mr. Song informs me that the Korean People's Army is investigating the incident as a military matter and that until the investigation is complete the pilot will not be returned.

Mr. Song gets a little testy as I persist. It is a long 40 minutes to our lavish guest house complex.

As we arrive there, Mr. Song mutters rather harshly that a dinner in his honor is scheduled in 30 minutes. He winces when I inform him that I will have to speak to Washington about the helicopter incident and thus might be late. I call the office, but before I am able to say anything, an assistant, Stu Nagurka, says something breathlessly: "The secretary of state is urgently trying to reach you."

Along our 30-kilometer trip into downtown Pyongyang, there are no discernible towns or buildings. Numerous roads lead off the main road, but they only meander off beyond the smoky horizon. Unceremoniously, we enter Pyongyang gazing at the colorful billboards advertising revolution

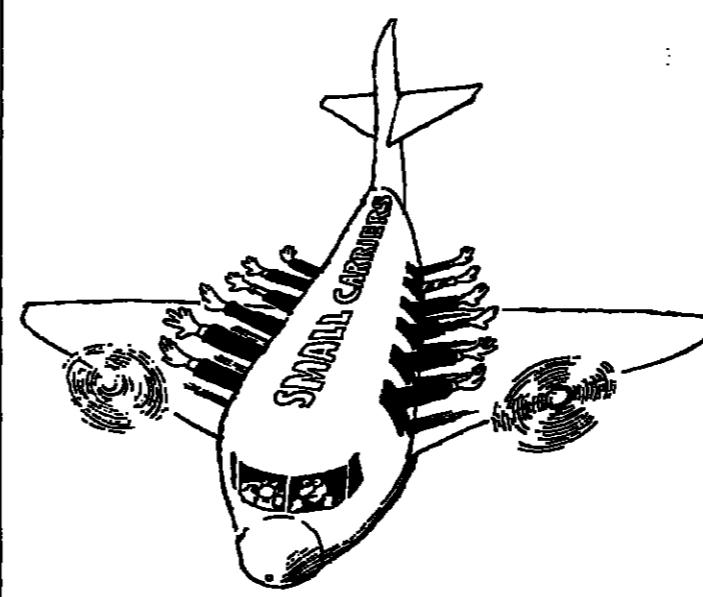
Needless to say, the dinner welcoming me is a disaster. The North Koreans had hoped I would drop the issue and enjoy the visit. No toasts are offered; I knew that the North Koreans had been rattled when I informed them that this incident would be my only point of discussion over the next 24 hours.

After returning to the guest house, we spend the next three hours on the telephone plotting strategy with Mr. Christopher, the president's national security adviser, Sandy Berger, and other officials.

My mission is clear: Get information on the incident and the status of the pilots, bring them back to South Korea and inform the North Korean government that failure to resolve this incident could harm relations. I am instructed not to link the nuclear agreement, but to stress that the atmosphere surrounding implementation of this agreement could be adversely affected.

Dec. 18: Today we speed along a desolate four-lane road for our meetings with the chairman of the North Korean congress, the economics minister, the chairman of the Korean Workers' Party and finally the foreign minister. The only other vehicles on the road are military vehicles or coal-fired buses. There are, however, many people trudging alongside the broad asphalt strip; all look perfectly content.

When I reach Warren Christopher, he has little information beyond scattered press reports. He asks me to press the North Koreans on the helicopter pilots and to remain in Pyongyang until the matter is resolved. I agree.



By PETRICK in the Toronto Sun, C&W Syndicate

lutionary spirit and the recently deceased leader, Kim Il Sung.

Speeding along the town's broad boulevards, we pass the arch commemorating North Korea's triumph over the Japanese and the Korean Revolution Museum with a towering bronze statue of Kim Il Sung.

Our meetings over the next eight hours are unsatisfactory. Throughout the day I stress, to the point of tedium, that failure to attend to the helicopter incident in a timely and constructive manner could seriously upset U.S.-North Korean relations. It is difficult to judge whether North Korean officials are uninterested or unable to treat this issue with the urgency it deserves. They choose instead to bash South

Korea at every turn, yet reiterate time and time again their desire to improve relations with the United States and to develop a security treaty between the two countries, excluding South Korea.

The line on the helicopter incident remains consistent: The Korean People's Army is conducting an investigation and no external pressure will affect the timing. The lack of information, the unwillingness to communicate my concerns to the military and the evasive manner expose a fissure between the civilian types in the Foreign Ministry and the Korean People's Army.

The size of the rift—and its cause—are a mystery to me.

The Washington Post.

LETTERS TO THE EDITOR

Bosnia From Close Up

Regarding "Arm Muslim Fighters and Bomb Serbian Positions" (Opinion, Nov. 29) by William Safire:

As a former British soldier who served in Bosnia for a year as an interpreter and who, prior to that, was a student in Sarajevo for six months, I feel I must challenge Mr. Safire's article.

He thinks the Serbs should be attacked in force? After such an attack would he like to be in a British Army camp covered by Serbian artillery in a Bosnian winter when aircraft would be grounded for weeks at a time? And what would the Serbs do to the tens of thousands of Muslims who still live in Serb-held territory?

How can he suggest bombing the roads and bridges of Serb-held Bosnia when along these very roads

comes the humanitarian aid for Muslim-held Bosnia?

Has Mr. Safire talked to the Serbs who were brutally expelled from the so-called safe areas by the Muslims? Serbs made up 30 percent of the population of the "Muslim enclaves" before the war. Is it "safe" for them to return to their homes?

It has been said before, but it ill behoves Americans to pontificate about a war where they have no ground forces—not even to see what is going on.

I. R. THORNTON,
Birmingham, England.

In the report "Croatia Seeks UN Exit in Disputed Territory" (Jan. 12) a Western diplomat is quoted as saying that the United States has been telling President Franjo Tudjman that "Serbia could get drawn in, you could lose, and then don't

count on Western support to get you out of trouble." That is probably funny even in Sarajevo.

JOEL SAVITZ,
Leysin, Switzerland.

Still-Sturdy Russia

Regarding the report "Russian Army's Might and Myth Shattered in Grozny" (Jan. 7):

The Soviet Union's winter war with Finland, prior to World War II, left the West, and particularly Hitler, with an inaccurate impression of Moscow's military power. Hitler, reportedly in reference to Operation Barbarossa, said that all one had to do was "kick the door in and the whole house will fall down." The lesson is clear: One should not count the Russians out so quickly.

CLINTON H. CRAGG,
Stuttgart.

Bomb in the Laboratory

I find it absurd that a country whose main export is its creativity would penalize itself for the future by questioning the very existence of its National Endowment for the Arts—the arts being the very laboratory of creativity.

GREGOIRE MULLER,
Montril, Switzerland.

Clinton in Context

Regarding "As Clinton Tries to Reinvent Himself, the Question Is: Who Is He?" (Dec. 16):

Since Bill Clinton came to office there has been dramatic progress in the Middle East and Haiti; the U.S. economy has done very well; GATT, the most important international trade agreement in many years, has been passed; a strong crime bill has been approved by

Congress; and Mr. Clinton has made the first real effort by any president to provide comprehensive health coverage for all Americans.

Judged on real issues, Bill Clinton is already an unusually successful president.

MICHAEL G. ANGSTREICH,
Oaks, Pa.

A Place for the Mentally Ill

Regarding "9 Highland Road: A Review" (Books, Dec. 23):

If "9 Highland Road" is an argument for community-based mental health care, said to be cheaper and more humane, it also raises a big question on why the mentally ill have to be isolated at all. Why doesn't the community absorb them as it should the elderly?

ANNE STANFORD,
Palma de Mallorca, Spain.

THE AMERICAN EXPRESS

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my card with me, can you help me get
a room and a half bed?"*

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Untested Russian Troops: Beaten Before They Began

By Fred Hiatt
Washington Post Service

MOZDOK, Russia — Here in the field headquarters of the Russian Army's assault on Chechnya, a mystery soon begins to solve itself.

The mystery is how the vast and vaunted Russian armed forces could fail to subdue such a small region and, even more puzzling, how they could fail to encircle a few blocks of central Grozny, despite a month of battles including pulverizing artillery bombardments.

To the first foreign reporters permitted here since Russia sent troops into Chechnya five weeks ago, the answer is slowly revealed through small signs: a haggard soldier wrapping his feet in newspaper in a hapless quest for warm, dry toes; a power outage plunging staff headquarters into darkness; recruits chopping logs for a field hospital's wood-burning stove or fussing over a dilapidated, hand-cranked field telephone; dozens upon dozens of trucks, tanks and other vehicles broken down or mired in mud.

This is an army, it soon becomes clear, that

was deeply wounded even before the Chechen campaign began. Now, many here believe, its weaknesses have been exposed and magnified by rash demands from Moscow.

Virtually every soldier or officer can expand those small indications of an impoverished and antiquated army into a fuller picture of a force that is undermanned, untrained, improperly equipped and badly led. Virtually every one tells a horror story of being sent into Grozny without proper training, intelligence, weaponry or communications.

And in the end, almost every officer here pointed finger back to President Boris N. Yeltsin and other Moscow leaders who, they say, ordered the assault before proper and sufficient forces were marshaled, in the worst possible weather and without a clear goal or plan.

To visit this mud-choked former bomber base is to marvel at the valor of some mid-level officers struggling to keep their men alive despite the poverty of their forces and the apparent folly of the politicians who command it.

"My own opinion is that it was a criminal

decision," said Major Valeri Vassiliyev, as two more senior officers listened without dissent. "The army will solve nothing here, and the war will last 20 years."

Major Vassiliyev, a 14-year veteran, was sent into Grozny without a map, without clear orders and with no training in urban warfare, he said. For a block-by-block fight at close quarters, he was deployed with anti-tank weapons effective only at a range of more than three football fields. His company, short one-third of its men, was plugged with soldiers he did not know. He could not tell which forces — his own or the enemy's — were to his right or left, and he had no way of communicating with other Russian troops in the city. Two of his 12 men were killed, and Major Vassiliyev finally retreated.

"There were plenty of people who had it a lot worse," he said.

The tired and embittered major pleaded for the world to understand that the government, not the army, is to blame. "We're not criminals," he said. "We have no desire to wage war on the Chechen people."

At a military staging base just north of Grozny, soldiers returning from the front seemed uniformly shocked and gloomy. "Tell the world," said one, who gave his name only as Alexander.

A lieutenant colonel on his way to the front said he thought Russia was right to use force to keep Chechnya in the Russian Federation. "But it hurts to see these young kids taken prisoner," he said. "Who sent them in? We have enough professionals for a job like this."

In fact, however, the Russian Army no longer has the people it needs in the places it needs them, according to its own generals. While it is likely that the West long overestimated the capability of the Soviet Red Army, it is certain that the army's capability has dramatically declined in the three years since the Soviet Union was dissolved.

Now, the army is eager most of all to withdraw altogether and leave the "mopping up" to interior or Ministry troops. Officers here predicted that hand-over process could start within a week.

RUSSIA: Exploratory Peace Talks

Continued from Page 1

that Chechens first lay down their arms. The "future of Russia" depended on ending the fighting, he said.

Even as the prime minister was meeting with the delegation, the head of Russia's counterintelligence service dismissed the possibility of any negotiations in the war, despite devastating losses on both sides and serious morale problems within the Russian military.

"I'm categorically against carrying out political talks with people representing Dudayev's regime," the Russian counterintelligence chief, Sergei V. Stepanishin, said in an interview with the Interfax news agency in Mozdok, the Russian military headquarters for the Chechen operation.

He said the only issue up for

discussion would be when and how Chechen fighters could turn in their weapons.

And Sergei A. Filatov, the chief of staff for President Boris N. Yeltsin, told the semi-official press agency Itar-Tass that he doubted "serious talks" could be conducted with the Chechen representatives.

But the Chechen side sounded more receptive than in the past to cease-fire negotiations, perhaps reflecting the human and physical destruction of their capital from the nearly constant battering by Russian artillery and missiles. There have been thousands of civilian casualties in this war, and about 350,000 people have been forced to flee as refugees.

The Chechen economics minister, Taynayz Abubakarov, said Tuesday after the talks that important details had to be worked out, including timing, but that the discussions had established "the basis for developing a conflict-settlement mechanism."

Fierce Russian Barrage

Russian gunners laid down a fierce artillery and rocket barrage against Grozny on Tuesday, Agence France-Presse reported.

Warplanes flew low over the city center, where shelling had just fallen, bombing blocks of apartments, while helicopter gunships made systematic rock-ets attacks on the center.

The city's southern Okruchnoi district, until recently spared some of the worst of the bombings, was also shelled round the clock.

A doctor at a hospital in Ursus Martan, 20 kilometers (12 miles) west of Grozny, said the number of wounded being brought in had risen between 20 and 40 percent in the last three days.

"We're getting 30 new patients a day, half of them civilians, and we already have 150, all in critical condition," said the doctor, Yunnadi Dachayev, head of the trauma section, which normally has 90 beds. He said that most wounds had been caused by shrapnel and that amputations were constantly being performed.

The presidential palace, the bombed and burnt-out symbol of Chechnya's resistance to Moscow, was still held by Chechen fighters late Tuesday.

Interfax quoted the Russian government press service as reporting that a highway and rail bridge linking Chechnya with the neighboring republic of Dagestan was blown up before dawn Tuesday.

A Blow to Center of Industry

Area Was in Midst of Massive Development

Compiled by Our Staff From Dispatches

OSAKA, Japan — The Kansai region devastated by Tuesday's earthquake is Japan's second richest area after Tokyo, with an economy that produces as much wealth as Canada.

The region lies around the Bay of Osaka and comprises the ancient imperial capital of Kyoto and the port of Kobe, the sixth-busiest in the world. Kobe was hardest hit in Tuesday's earthquake and most of the deaths occurred there.

Kansai is the home of much traditional Japanese culture, industry, finance and commerce, and has launched what is seen here to be the biggest development program in the world.

The vast project to develop the area's infrastructure, mainly by reclaiming land from the sea, is part of a drive to catch up with Tokyo and increase exposure to the international economy.

In September, the Kansai International Airport opened, built on an artificial island at a cost of \$15 billion.

The region is home to 20 million people and many Japanese companies, most of which are involved in industry. The economy also depends on many small and medium-sized companies and has attracted nearly 300 foreign firms.

There are about 800 construction projects under way at a cost of nearly \$300 billion. Most are in the public sector.

Osaka, with a population of 2.5 million, is the third-biggest city in Japan. Nearby, on the banks of the bay, workers are building a suspension bridge 3,910 meters (nearly 13,000 feet) long, the longest in the world. Work is also under way on a

new city near the airport, at a cost of \$4.2 billion, and on an ultramodern telecommunications center.

Until the last century, the imperial capitals were in the Kansai area. Proposals to move the modern capital there from Tokyo have not been realized.

The area is also the base for most of the country's major criminal gangs, the yakuza.

Kobe is Japan's sixth-largest city, with a population of about 1.5 million. It has been a lifeline to the outside world for more than a thousand years.

The city, once known as Hyogo, was an important outlet for Japan's trade with China and other Asian nations since the Nara period in the 8th century.

Kobe prospered in the 15th and 16th centuries, when it was a principal outlet for Japan's growing trade with China. When Japan was forced open to the rest of the world in the middle of the 19th century by American warships, Kobe was one of the first ports that foreigners were permitted to use.

The opening added to the cosmopolitan atmosphere of Kobe, which has long been notable for its unusually large foreign population.

Among the foreigners, there are about 85,000 Koreans living in Kobe and 270,000 in Osaka. South Korea said on Tuesday it was trying to check the situation of Koreans in the region, and an official said Tokyo had reported damage to Seoul's consulate in Kobe.

(AFP, NYT, Reuters)

TOLL: Japanese Ask, Where Did the Nation Go Wrong?

Continued from Page 1

entists subscribe. Yet, he said, the Japanese fear to say so publicly because doing so would risk losing financing for a network of about 200 seismographs across the country. The machines, concentrated in the Tokyo area thought most likely to incur a major quake, are an attempt to provide early warning. So far, the system has only confirmed that the prediction of earthquakes in the near-term is impossible.

Most of the damage and

deaths Tuesday occurred in older structures, particularly homes of wood that collapsed on their occupants. Compared with the Tokyo area, where a major earthquake in 1923 and firebombs during World War II forced renovation, there are more older structures in western Japan.

"The conclusion is that most buildings built with modern earthquake-resistance techniques survived without major damage," said Isao Sakamoto, a professor of architecture at Tohoku University.

While that may be good news for Tokyo, which is marginally better built than Kobe or Osaka, the collapse of key elements of transport and communications suggested that the rest of Japan could suffer a similar fate.

The worst-case scenario envisioned by the Tokyo Metropolitan Government in its most recent estimates, in 1989, predicted that an earthquake of similar magnitude to the one near Kobe would kill nearly 10,000 people and destroy 25 percent to 30 percent of all homes by fire. Electricity, gas and other utilities and communications would be disrupted for weeks, said Mr. Katayama, the disaster mitigation expert.

At the time, he said, the fire estimate by the Tokyo government seemed too large, "but looking at the fires still burning here it seems to be much more realistic."

The Kobe earthquake represents Japan's worst nightmare come true: a quake of major proportions in one of the nation's major cities.

32 Die in India Avalanches

Agence France-Presse

JAMMU, India — At least 32 people were killed in two avalanches in the northern Indian state of Kashmir, officials said Tuesday.

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SPIES: How 6 American Intelligence Officers Were Smuggled Out of Iraq During Gulf War

Continued from Page 1

its help. The Poles, he said, "deserve a lot of credit. It was a good beginning for our relationship in the future."

Officially, a CIA spokesman declined last week to comment on the extraction of the agents, saying the agency never discussed covert operations.

The Polish operations, which heralded the birth of what have grown to be close ties between Poland's State Security Bureau and the CIA, helped prompt the United States to change its policy and back Poland's demands to renegotiate the \$33 billion it owed to 17 foreign governments, including the United States, American officials said.

After the escape of the six Americans via Turkey, Mr. Webster brought a letter to Warsaw from then-President George Bush announcing U.S. plans to push other governments to forgive half of the debt, or \$16.5 billion. Polish officials said. A deal was signed to that effect with the so-called Paris Club of creditors on April 21, 1991.

Politically, however, Polish officials contend that little resulted from the operations during which Polish intelligence officers and civilians risked their lives for Americans. Poland's efforts to

join the North Atlantic Treaty Organization, considered critical in the coming of age for Eastern Europe's largest and most populous country, remain stymied by a lukewarm Western response.

"We proved to the Americans that we are not only a reliable partner but that we are a reliable partner which can carry out sensitive, delicate missions on behalf of the American government," a senior Polish diplomat said. "After this operation, many of us hoped things would develop faster. They haven't."

Details of the operation have been patched together from interviews with Polish participants and current and former American officials. While hints about it have popped up in the Polish press over the last four years and in a recently published Polish book about the country's secret services, the accounts have often been inaccurate.

The man who carried out the plan to save the Americans, for example, worked as a spy in the United States in the 1970s and played an important role in several espionage operations pulled off by Warsaw Pact agents in the ensuing years, Polish sources said. He then crowned his career as an operative by saving the lives of men from the very agency he had fought for two decades.

Several of the participants, including Polish intelligence officers involved in the operation, spoke on condition they not be identified, citing fears that agents from the Iraqi secret service would try to kill them if their names became known.

The story began on Aug. 2, 1990, when Mr. Saddam's tanks rolled into Kuwait. The six American officers were in Kuwait on a covert mission at the time near Kuwait's border with Iraq and were unable to seek the support of the U.S. Embassy because they did not have diplomatic cover identities.

Both Polish and U.S. sources said the Americans were investigating Iraqi troop movements. Polish sources said all

worked for the CIA, but one American official recalled that several were middle intelligence officers serving with the Defense Intelligence Agency.

The Americans fled to Baghdad with hundreds of other foreigners. As they scrambled to stay ahead of Iraqi intelligence, moving from place to place, the fact that they were trapped quickly attracted attention at the highest levels of the U.S. government.

"It was a big deal for us," said a former senior U.S. official. "They were in terrible jeopardy."

In late August, a representative from the CIA contacted a high-ranking Polish intelligence officer in Warsaw and requested assistance in slipping the Americans out of Iraq.

THE AMERICAS /

Supreme Court Will Reconsider Race-Based Preferences

By Joan Biskupic
Washington Post News

DENVER — Randy Pech said he was tired of losing highway construction projects to companies owned by Hispanics or blacks even when his company had submitted the lowest bid.

"In the early 1980s when I first had heard 'You company,' I flipped," said Mr. Pech, 40, who is white. He manages a guardrail construction company and is at the center of a pivotal Supreme Court case on government policies that encourage race-based preferences.

The dispute has come to the high court at a time of increased public and judicial apprehension about race-conscious decision-making in contracting and procurement, scholarships, and other social policies.

Affirmative action blossomed in the 1960s and 1970s as federal lawmakers tried to compensate for the remnants of segregation, prejudice in the "old boy network," and other attitudes that were believed to make it hard for minority-owned businesses to prosper.

Now, conflict over such programs is building nationwide. Politicians, responding to what they

perceive to be the message from the last election and opinion polls, are rethinking measures that were designed to remedy America's history of racism.

Some members of Congress have proposed abolishing federal race-preferences, and in California a citizens' group is seeking an amendment to the state constitution that would end programs that give minorities and women preference for jobs, contracts and college admissions.

Mr. Pech quit college in 1976 to begin Adarand Constructors with his father and a friend.

Just as he was building up the Colorado Springs-based company, government programs that favored white men were gaining momentum.

In 1990, Mr. Pech submitted a low bid but still lost a subcontract on a federal project in the San Juan National Forest. He then sued the Transportation Department over a policy that gives money bonuses for prime contractors who hire disadvantaged companies.

Mr. Pech lost in lower courts, but last fall the Supreme Court agreed to hear his argument that the government had violated the constitutional guarantee of equal protection of the laws. The question is whether Congress was right to adopt.

As part of a 1978 small-business law, a presumption that minority-run businesses are "disadvantaged" and deserving of special assistance.

"This case is very likely to be a turning point," said Susan Low Bloch, a Georgetown University law professor who teaches a class on race and the constitution. She noted that four justices who voted to uphold federal race preferences in the court's last case on the subject in 1990 had resigned.

But she said: "It's more than just the numbers. The times have changed."

A Times Mirror survey last year said 51 percent of the whites interviewed agreed with the statement that equal rights had been pushed too far. It was reportedly the first time in the seven years of the poll that a majority of whites had taken such a position against special benefits for racial minorities.

Some federal courts recently have given greater scrutiny to such programs. Last October, an appeals court rejected a University of Maryland scholarship program exclusively for blacks.

The trends have civil rights activists and minority contractors uneasy about the new case. *Adarand Constructors v. Pena.*

In the broadest sense, said the National Association of Minority Businesses in a friend of the court brief, "the effect of racism in this country is under review."

The justices who now hold the balance of power on the Supreme Court have stressed that it is important to treat all citizens as individuals, not as part of a class.

There is no such thing as a "benign" racial classification, Justice Sandra Day O'Connor wrote in 1990, in a dissenting opinion to a decision allowing race preferences in broadcast licenses. She was joined by Chief Justice William H. Rehnquist and Justices Antonin Scalia and Anthony M. Kennedy.

Governmental distinctions among citizens based on race or ethnicity "exact costs and carry with them substantial dangers," she wrote.

The addition of Clarence Thomas, who abhors race classifications, to the court may tip the balance to rejection of the federal program. In addition, David H. Souter, Ruth Bader Ginsburg and Stephen G. Breyer are collectively more conservative than their predecessors who in the 1970s and 1980s helped shape public policy for race preferences.

★ POLITICAL NOTES ★

Murdoch Sought No Favors, Speaker Says

WASHINGTON (AP) — Accusing the news media of "nepotism," the speaker of the House of Representatives, Newt Gingrich, said Tuesday that the media tycoon Rupert Murdoch had sought no favors when the two men met before Mr. Gingrich concluded a deal with a Murdoch company.

Mr. Gingrich said at a sometimes contentious news conference that he would "never get involved" in a dispute between Mr. Murdoch and the NBC network. NBC has alleged that stations that make up the foundation of Mr. Murdoch's Fox TV network violate foreign ownership restrictions. The issue is before the Federal Communications Commission.

Responding to questions on the Nov. 28, 1993, meeting between himself, the tycoon and a Murdoch lobbyist, Mr. Gingrich criticized reporters for focusing on what he called "narrow and petty" issues.

The speaker described the 15-minute meeting as a "courtesy call" by Mr. Murdoch. He reiterated earlier statements that he had no idea that Mr. Murdoch owned HarperCollins, the successful bidder on a book contract with Mr. Gingrich.

"The truth is, I don't remember anything about his problems with the FCC," Mr. Gingrich said.

He originally agreed to a \$4.5 million advance to write one of his political views and provide commentary in another. After a furor over the amount, the deal was changed to a \$1 advance plus royalties. (AP)

Away From Politics

• A drug used to treat heroin addiction has been approved by the Food and Drug Administration as the first drug in 40 years to treat alcoholism and will soon go on sale, reportedly for \$4.55 a pill. Generically known as naltrexone, it blocks the craving for alcohol and the heady feeling of getting high, according to published reports. (AP)

• An award-winning violinist was dragged several hundred feet under a commuter train near Chicago after her instrument bag became trapped in the doors. The violinist, Rachel Barton, 20, winner in 1992 of the J.S. Bach International Violin Competition, had her left leg severed below the knee and suffered serious damage to her right leg. (AP)

• Four persons have been charged in connection with the death of a two-year-old girl allegedly killed during an exorcism ritual, according to the police in Cambridge, Ontario. (AP)

• The U.S. Supreme Court has refused to reinstate the lawsuit of a Virginia inmate who alleged that excessive force by a guard had left the inmate with a sore thumb. (AP)



FACING JUSTICE — Susan Smith, who has confessed to drowning her two sons, listening in Union, South Carolina, as the state sought the death penalty.

Nazi Victim Is Denied Bid to Sue Germany

The Associated Press

WASHINGTON — A 72-year-old Holocaust survivor lost a Supreme Court bid Tuesday to force Germany to pay him \$17 million for his suffering in Nazi concentration camps.

The court, without comment, turned down Hugo Princz's argument that Germany can be sued in U.S. courts because its actions during World War II were flagrant violations of international law.

Still pending in lower courts are Mr. Princz's claims against four German corporations that now own two companies for which he performed

slave labor during the war. Germany has asked a federal appeals court to order those companies dropped from the case.

Mr. Princz and his family were U.S. citizens living in Slovakia in 1942 when the Germans sent them to the Mauthausen concentration camp because they were Jewish.

Mr. Princz's parents and sister were killed. His brothers survived to death before Mr. Princz was sent to Dachau, where he was liberated by U.S. troops in the war's final days.

Retarded Man Executed In Niece's Murder-Rape

Compiled by Our Staff From Dispatches

HUNTSVILLE, Texas — A mentally retarded man who raped and strangled his 14-year-old niece was executed by lethal injection here Tuesday.

The execution of Mario Marquez, 36, who defenders say has the mental capacity of a 5-year-old, was carried out several hours after his final appeal for a reprieve was rejected by the U.S. Supreme Court and by the lieutenant governor of Texas.

In his final statement, Mr. Marquez voiced forgiveness for "those who brought me here tonight."

"I do not want to say that I am

not responsible for all that has happened in my life," he added.

One of his lawyers, Robert McGlasson, said: "The public in the country overwhelmingly does not want mentally retarded people to be executed. We believe there is plenty of evidence now to show that execution has come about."

Edwin Springer, who prosecuted Mr. Marquez, countered: "He wasn't so mentally retarded he didn't know right from wrong. He's a very dangerous individual. I have no reservations. I have no doubts. He's quite capable of doing it again." (Reuters, AP)

Report Cites Risk In Army Stocks of Chemical Agents

Agence France-Presse

WASHINGTON — The U.S. Army's chemical weapons are inadequately stored and could be the site of a devastating accident before disposal incinerators are functioning in the year 2004, according to a study by the General Accounting Office.

The army has stockpiled 25,000 tons of chemical weapons in eight sites in the United States and one in the Pacific.

Particular concern was expressed about M-55 rockets, because the explosive component of the rocket cannot be separated from its chemical agent.

Balanced-Budget Amendment Hits a Bump

WASHINGTON — A Republican-sponsored constitutional amendment that would require a balanced budget hit a roadblock in the Senate on Tuesday when a senior Democrat invoked an arcane procedural rule to halt committee action.

Senator Robert Byrd of West Virginia employed a little-used prerogative of any senator to block any committee meeting if the full Senate has been in session for at least two hours.

He invoked the rule before the Senate Judiciary Committee, calling it "the acme of arrogance" for Republicans to offer the amendment without detailing how they expected to achieve a balanced budget by the year 2002, as the proposed amendment would require.

The move was expected to delay matters only briefly. Senator Orrin G. Hatch, Republican of Idaho, who heads the committee, said he would call the panel into session early Wednesday to continue work on the amendment. (AP)

Perot Nearly Gets Dole to Make It Official

WASHINGTON — Ross Perot nearly got a journalistic scoop in his first appearance as a television interviewer, as guest host of the CNN program "Larry King Live."

The billionaire businessman and former presidential candidate squared off with the leader of the new Republican majority in the Senate, Bob Dole of Kansas, asking him if he had any presidential ambitions for 1996. Mr. Perot announced his own independent bid for the White House in 1992 on the interview program.

"I think we're leaning in that direction," Mr. Dole answered, edging a little closer to an announcement. "I think it's probably going to happen." (AP)

Quote/Unquote

President Clinton, saying his National Service Program should be spared the spending cuts that the White House has vowed to work with Republicans to bring about: "The purpose of all this is not to wreck the government, not to give us a mean-spirited government, but to give us a lean government that will work with us to solve all our problems." (NYT)

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Is Hall of Fame Making Rock Musicians Too Respectable?

By Neil Strauss
New York Times Service

NEW YORK — The Rock and Roll Hall of Fame induction ceremony is at a strange junction in its history. After 10 years of honoring rock's pioneers and innovators with a night of improvised jams, confessional speeches and other surprises, it is turning into a ritual that one day may be as formal, as rigid and as respected as the Grammys.

The fact that in September a giant shrine of steel and glass called the Rock and Roll Hall of Fame and Museum is to open in Cleveland will add more prestige and convention to the ceremony, which is scheduled to move from New York to Cleveland in 1997.

While an annual event like this is a positive achievement for rock 'n' roll, it is important that the Hall of Fame's big night not lose the spontaneity and energy that defines the music it celebrates.

In ceremonies past, the speeches were

followed by jam sessions where anything could happen, and usually did.

This year, perhaps because highlights of the event were being taped for an MTV special, the performances seemed planned and contrived, with long, momentum-killing pauses between each segment.

The music, however, was spectacular enough to overshadow everything other music awards ceremonies have offered recently. The highlight was when Robert Plant, Jimmy Page and John Paul Jones of Led Zeppelin, one of the groups inducted into the Hall of Fame, performed together for the first time in six years, joined by the fellow inductee Neil Young on guitar.

The impromptu group added raw power to the Led Zeppelin song "When the Levee Breaks," and it then segued into a version of the Buffalo Springfield's "For What It's Worth." (The Buffalo Springfield, a band Young used to perform in, was nominated for the Hall of Fame this year but did not make the final cut.)

Plant, Page and Jones were also joined by Steven Tyler and Joe Perry of Aerosmith, and on drums, Jason Bonham, the son of the Led Zeppelin drummer John Bonham, whose death in 1980 caused the group's breakup.

The sextet, five of them with long hair and wrinkles, performed a medley that included Johnny Burnette's "Train Kept a-Rollin'," Led Zeppelin's "Bring It On Home" and the Yardbirds' "For Your Love." (Page was a member of the Yardbirds, a group that was inducted into the Hall of Fame in 1992, though the song was recorded before he joined the band.)

They also performed a medley that included two blues songs by Muddy Waters, "Long Distance Call" and "Baby Please Don't Go." Interspersed throughout were plenty of guitar duels between Page and his protégé, Perry.

Other combinations included Young and Crazy Horse performing a song from "Ragged Glory" album with Pearl Jam, Al Green singing "Funny How Time Slips Away" with Willie Nelson, and

Martha and the Vandellas belting out their signature song, "Dancing in the Street," with Kate Pierson and Fred Schneider of the B-52s.

Martha and the Vandellas belting out their signature song, "Dancing in the Street," with Kate Pierson and Fred Schneider of the B-52s.

"Thank you, my friends," he said, "for finally remembering my phone number."

In introducing Led Zeppelin before their induction, Aerosmith's Tyler recalled the time he saw the woman he was living with walk out of a Led Zeppelin concert arm in arm with an amorous Page.

Though rock musicians flock to this dinner every year, most pretend to have come reluctantly. In his induction speech, Plant said: "I never wanted to do this. I always thought we'd be rebels."

While the ceremony was imbued with a spirit of fun and rivalry, showcasing both the good humor and the pertiness of rock stars, Plant's comment reminded the audience that the Hall of Fame is still a big pill for rock 'n' roll to swallow.

Rock music is supposed to be loud, rebellious and impulsive, and the notion of honoring it with a big, lavish party of tuxedo-clad record company executives

seems antithetical to its original impulses.

On the other hand, rock 'n' roll has come a long way in the last half-century, evolving into one of the world's most popular and significant forms of music, so maybe it's time for it to accept adulthood.

As the Atlantic Records executive Ahmet Ertegun, one of the founders of the Hall of Fame, said in his speech on Thursday, it is important to recognize the people who created rock 'n' roll as serious artists. But does serious recognition always have to take the form of a serious ceremony?

How about something more appropriate to each artist: Led Zeppelin could be inducted by taking a public bath with their groupies; Martha and the Vandellas could dance in the streets around Times Square, and the Allman Brothers could stand at the entrance to the Holland Tunnel and play a long jam for commuters. That would be more in the spirit of rock 'n' roll, especially since it would result in so many arrests.

LONDON THEATER

An Anouilh Play Finally Makes It to London

By Sheridan Morley
International Herald Tribune

LONDON — Few dramatists, with the possible exception of Christopher Fry, fell more sharply out of West End favor at the end of the 1950s than Jean Anouilh. True, his "Becket" did well enough in the '60s, but that was an uncharacteristic historical pageant: the plays which established him over here, most poetic and charismatic, were those ethereal "pieces roses" usually concerning some lower-class Cinderella invited up to the chateau for an impersonation, only to have her virginity challenged by the wealthy son of the house while his barking-mad aunt plays Crippler from a wheelchair.

Since its foundation 30 years ago, the National Theatre has shamefully pretended Anouilh never existed, and the RSC has never even bothered to give us his classic wartime "Antigone." It is therefore now left to a small fringe company virtually without a budget to bring us back "Léocadia" at the New End in Hampstead.

When this first crossed the Channel in 1954 (and the Atlantic two years later) it was known as "Time Remembered," and starry cast: Paul Scofield, Mary Ure and Margaret Rutherford for Broadway in productions of almost balletic opulence and splendor, from which it emerged as the natural successor to Anouilh's "Ring Round the Moon," another fable about the girl from the wrong side of the tracks falling in with the nobility and teaching them a thing or two about real life — the third in that set was "Dinner With the Family."

What is really encouraging about this "Secret Garden" is taken together with the King's Head's last mini-musical, "Stairway to Heaven," is that it suggests British composers and lyricists are rediscovering a theatrical form that has been largely lost since the late 1950s.

Since then, the triumph of the epic British musicals of Andrew Lloyd Webber and his producer Cameron Mackintosh have



Felix Bell in "The Secret Garden."

But now, given an anachronistic and sadly ungraceful new translation by Timberlake Wertenbaker, "Léocadia" seems deeply ill at ease, as if nobody involved in bringing it back has the money or the nostalgia to deal with a period piece of extreme if tricky lyrical beauty and social satire. This is the economy version, and it simply doesn't work.

At the King's Head in Islington, a theater that has always, and of architectural necessity, functioned best on the "small is beautiful" principle of stagecraft, another example of a minuscule musical which works rather better than the Broadway big-band version.

"The Secret Garden" has of course been around a bit. At least three movie versions, countless television dramatizations and a couple of years ago in New York a major musical, all telling of the little orphans of the Raj who ends up in the wretched heights of a Yorkshire home where there's the exquisite stern housekeeper and something creepy in the attic.

A lyrical, charming little version of the old bestseller now comes from Diana Morgan and Steven Markwick, and in Dan Crawford's brisk staging his daughter Katey manages to be winning rather than winsome.

What is really encouraging about this "Secret Garden" taken together with the King's Head's last mini-musical, "Stairway to Heaven," is that it suggests British composers and lyricists are rediscovering a theatrical form that has been largely lost since the late 1950s.

Since then, the triumph of the epic British musicals of Andrew Lloyd Webber and his producer Cameron Mackintosh have

falsely encouraged aspiring talents to believe they have to work to Palladian dimensions. What we did best, in the era of Julian Slade and Sandy Wilson and Vivian Ellis, were very simple and unambitious shows which corresponded to the longest of all New York theatrical runs, that of "The Fantasticks." It seems that we are slowly working our way back to that kind of intimacy and charm and not a moment too soon.

At the Tricycle in Kilburn, the Fats Waller tribute "Ain't Misbehavin'" has been joyously returned to its cabaret roots. This is the songbook show which started off-Broadway at the Manhattan Theatre Club in 1978, for an audience of 70 people a night. It was unwisely, but with huge commercial profit, blown up into a Broadway big-band wide-stage extravaganza, in which guise it first came rather less successfully to London in the mid-1980s.

A decade later the Tricycle's director Nicolas Kent has taken

it back to a low-budget, very intimate staging on a set by Bunny Christie which brilliantly re-creates the keyboard of a piano upon which an agile cast of five dance and sing such Waller classics as "Ain't Nobody's Business," "Black and Blue" and "The Joint is Jumpin'."

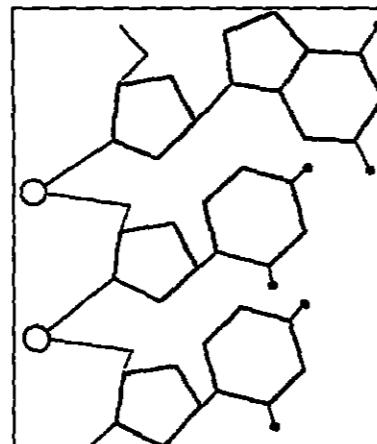
For me, the constant surprise of Waller is the variety of styles in which he wrote and played: everything from Harlem jazz through spirituals to such mainstream Hollywood pops as "Two Sleepy People" and "I'm Gonna Sit Right Down and Write Myself a Letter."

Waller was also that comparative rarity: a musical comic, and a jovial jokingness now best represented by Ray Shell, while Debbie Bishop takes care of the romantic end of the scale. Thirties Waller numbers here, all coming up as fresh as the day 60 years ago when most of them were written, and stunningly choreographed in a tiny arena by Gillian Gregory.

In this Thursday's

HEALTH/SCIENCE

DNA
Race



Puzzles of scientific competition.

Herald INTERNATIONAL **Tribune**
PRINTED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

	Last Week	Weeks on List
1. POLITICALLY CORRECT BEDTIME STORIES , by James Finn Garner	1	30
2. THE CELESTINE PROPHECY , by James Redfield	2	46
3. MEMORIALS OF HONOR , by Tom Clancy	3	20
4. INSOMNIA , by Stephen King	4	13
5. WINGS , by Daniel Steel	5	7
6. THE CHAMBER OF MADISON COUNTY , by Robert James Waller	6	127
7. THE LOTTERY WINNER , by Mary Higgins Clark	8	10
8. THE SECRET OF THE HEART , by Dean Koontz	9	8
9. TALTOS , by Anne Rice	11	15
10. THE CHAMBER , by John Grisham	12	7
11. THE GIFT , by Daniel Steel	13	25
12. MUTANT MESSAGE DOWN UNDER , by Mark Morgan	14	15
13. THE ENDLESS FOREVER , by Suter Sheldene	15	12
14. SELF-DEFENSE , by Jonathan Kellerman	1	17
15. A CUP OF CHRISTMAS TEA , by Tom Hegg	15	6
16. NONFICTION	11	11

2. DON'T STAND TOO CLOSE TO A NAKED MAN, by Tim Allen 2 15

3. COUPLE, by Paul Shaffer 3 19

4. THE BOOK OF VIRTUES, by William J. Bennett 4 56

5. THE HOT ZONE, by Richard Preston 7 14

6. THE JERICHO'S CAT STORIES, by James Herriot 5 16

7. THE WARREN BUFFETT WAY, by Robert G. Hagstrom 10 7

8. THE LULL CURVE, by Richard J. Bernstein and Mark Murray 9 31

9. BARRICADE BUSH: A Memoir, by Barbara Bush 6 18

10. MIDNIGHT IN THE GARDEN OF GOOD AND EVIL, by John Banville 12 45

11. NO ORDINARY TIME, by William Manchester 15 13

12. SISTERS, by Carol Selleck 3 3

13. ALL THE TROUBLE IN THE WORLD, by P. J. O'Rourke 14 10

14. IT'S NOT ALWAYS EASY, BUT I'VE HAD FUN, by Lewis Grizzard 13 5

15. ADVICE, HOW-TO AND MISCELLANEOUS

16. IN THE KITCHEN WITH ROSIE, by Rosie Daley 1 36

17. MEN ARE FROM VENUS, WOMEN FROM MARS, by John Gray 2 86

18. ILLUMINATA, by Marianne Williamson 3 3

19. MATIC EYE III, N. E. Thing Enterprises 4 16

BOOKS

EAST, WEST: Stories
By Salman Rushdie. 211 pages.
\$21. Pantheon.

Reviewed by
Shashi Tharoor

It is impossible to think of Salman Rushdie today without thinking of his awful predicament following the fatwa proclaimed against him for "The Satanic Verses." Yet the extent to which this controversy has dominated our perception of his work is itself an injustice. Rushdie may well be a crusader for secularist, social subversion and/or a stirring symbol of the cause of freedom of expression in the face of intolerant dogma; but reducing him to this emblematic figure has obscured his true contribution as a major novelist of our time.

Rushdie brought an astonishing new voice into the world of English-language fiction, a voice whose language and concerns stretched the

boundaries of the possible in English literature. His heritage was derived from the polyglot tumult of multiethnic, post-colonial India; his intellectual convictions owed as much to Nehruvian nationalism and the eclecticism of the Sufi mystics as to any source west of the Suez; his style combined a formal English education with the cadences of the Indian oral storytelling tradition, the riches of Latin American magic realism, and the extravagant fabulism of the Arabian Nights. Both in his life and in his writing, Rushdie stood for intermingling and interchange, displacement and transfiguration, migration and renewal. He recalled and reinvented his roots while thriving in his own deracination. He brought a larger world — a teeming, hybrid, many-hued and restless world — past the immigration inspectors of English literature. And he enriched this new homeland with breathtaking, risk-ridden

imaginative prose of rare beauty and originality.

"East, West," his first collection of short stories, offers a glimpse of the qualities that have made Rushdie so valuable.

The nine stories are arranged in three sections: "East" (three stories set in the Indian subcontinent), "West" (three stories that feature no Indian characters) and finally "East, West," three stories that deal, to some degree, with Indians in Britain. The structure seems a contrivance, for there is no unifying "meeting of the twain" theme as the title might suggest. The stories are uneven in form, length, treatment, structure and language. But it is just as well that this collection, both in content and construction, reminds us that Rushdie is a writer of both the East and the West.

Some of the tales are slight, more so than the first in this volume, in which a visa-seeking Pakistani bride, contemplating life with a stranger

in an unknown land, is delighted to be turned down by the consul.

Some are clever but unsubstantial, like the parodic "Yorick," an elaborate Shakespeare-meets-Freud joke that, for all its brilliance and literary showmanship, never rises above the jocular. Some are compelling yet flawed, like "The Harmony of the Spheres," an intricately constructed story of a schizophrenic, marred by a trick ending.

But all of them are worth reading, because with Rushdie one is always in the presence of a true original.

Shashi Tharoor, author of "The Great Indian Novel," "Show Business" and "The Five Dollar Smile and Other Stories," wrote this for The Washington Post.

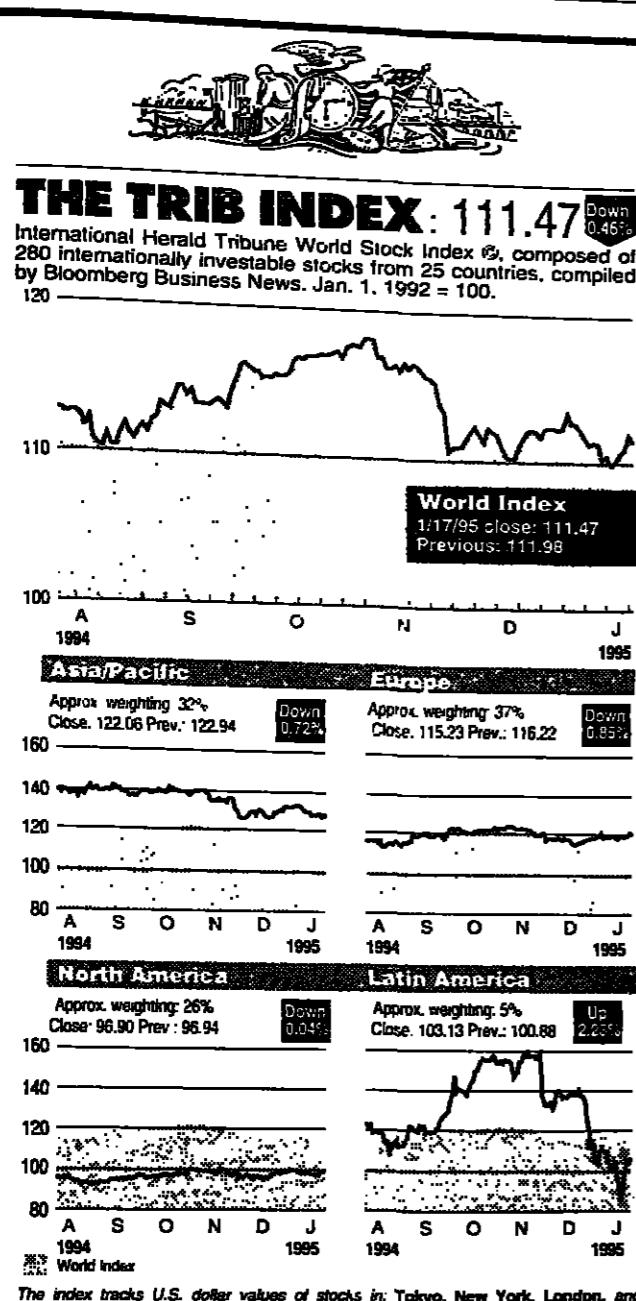
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Industry Heats Up In U.S.

Use of Capacity At 15-Year High

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — American industry operated at its fastest pace in 15 years last month as an unexpectedly strong burst of year-end activity pushed capacity utilization to 85.4 percent, the Federal Reserve reported Tuesday.

With output of U.S. factories, mines and utilities rising 1 percent, the biggest gain in two years, many analysts said the industrial sector now has such potential for reigniting inflation that the central bank could not avoid further increases in short-term interest rates.

Additional monetary tightening has been widely assumed ever since the preceding rate increase on Nov. 15, but some analysts had come to think that Mexico's economic crisis and a report on Friday of flat retail sales for the final two months of the year might cause the Fed to hold back.

Higher U.S. interest rates could make the already battered peso even less attractive relative to the dollar.

"We continue to expect a policy firming" at the Fed's next Open Market Committee meeting on Jan. 31, said Marilyn Schaja, an economist at Donaldson, Lufkin & Jenrette Securities Corp. "The Fed will be increasingly concerned about the high levels of capacity utilization in the manufacturing sector and the low rate of unemployment in the labor market."

The Fed is known to pay particular attention to the utilization rate, which it calculates itself and which has now surpassed the 85 percent threshold.

For more information about the index, a booklet is available free of charge.

© International Herald Tribune

See INDUSTRY, Page 10

Money Heads to Mexico

Successful Bond Sale Points to Confidence

By Lawrence Malkin
International Herald Tribune

NEW YORK — With Mexico's first successful sale Tuesday of government securities since the peso crisis broke last month, the country began to climb back toward regaining the confidence of financial markets, aided by the promise of a U.S. guarantee.

Foreign investors returned to the weekly auction of Tesobonos, offering to buy almost \$1 billion worth of Treasury peso bills carrying a dollar guarantee. The central bank initially offered \$300 million worth of Tesobonos and added another \$100 million because of the strong demand. A total of \$941 million was bid for the securities of three maturities, meaning about half the bids received were refused.

While Mexico still had to pay interest rates of 19.75 percent for 91-day bills, that was still only a quarter of a percentage point more than last week, when the government was stuck with 85 percent of its bills unsold. Six-month and one-year bills also were sold out Tuesday, at rates ranging from 16 percent to 26 percent.

The success of the auction temporarily buoyed the stock market, but the Bolsa index ended 1.6 percent lower. The peso also pulled back from an early slide: the dollar finished at 5.25 pesos, down from 5.44 pesos on Monday.

Market rates on peso bills, known as Cetes, also were about 5 percentage points lower than expected, but still at crisis levels of 43 percent.

The auction carried more psychological than financial significance, said Lars Schonander, Latin American economist for Baring Brothers. "It's silly for the Mexicans to pay this much when they will soon be able to issue cheaper paper," he said, referring to the dollar-denominated bonds that Mexico will float after the U.S. Congress approves a debt guarantee of up to \$40 billion.

U.S. and Mexican officials are working on details of this plan, including the fees Mexico will have to pay for the guarantees. If approved, Mr. Schonander said Mexico should be able to sell dollar bonds yielding only a percentage point or two above similar U.S. government securities, thus financing the rush out of Mexico by American mutual funds and other foreigners as their \$17 billion worth of Tesobonos come due this year.

The U.S.-Mexican talks are focusing on the terms for the guarantee package and what collateral Mexico will offer, officials said. Bloomberg Business News reported.

[House speaker Newt Gingrich, Republican of Georgia, said the House of Representatives would not take up the Mexican aid package this week.]

Chrysler Posts Record Results But Stock Slips

Compiled by Our Staff From Dispatches

DETROIT — Chrysler Corp. said Tuesday it earned more than \$3.7 billion in 1994, the best year in the company's 69-year history.

Despite the bottom line, Chrysler shares fell \$1.25, to \$31.625, in active trading on the New York Stock Exchange. Analysts said the drop was because of a higher-than-expected tax credit and investor concern over softening sales of subcompact cars.

The previous annual earnings record for the third-biggest U.S. automaker was \$2.4 billion, set in 1984.

Chrysler's fourth-quarter net income surged 51 percent to a record \$1.17 billion, or \$3.20 a share, from \$777 million, or \$2.11 a share, the previous year.

The latest results include a tax gain of \$132 million. Revenue in the quarter rose 19 percent to a record \$14.3 billion, from \$12 billion in 1993.

Revenue for the year rose 20 percent, to \$52.2 billion, from \$43.6 billion in 1993.

"Chrysler had an outstanding year in 1994 in just about every respect," said Robert Eaton, the chairman of the company.

Chrysler's record results were fueled by strong demand, especially for better-equipped models that carry a higher profit margin. Factory-to-dealer sales for the quarter rose 11 percent, to 724,946 units, and jumped 12 percent for the full year, to 2.7 million units.

Chrysler, by far the most profitable of Detroit's three autos, made an average after-tax profit of \$1,350 on each vehicle sold in the fourth quarter, up from \$1,000 in the third quarter and \$1,100 a year ago.

Chrysler also said it fully

funded its pension program in December, for the first time since 1957. A year ago, Chrysler's pensions were underfunded by \$2.2 billion.

Chrysler Financial Corp. posted fourth-quarter earnings of \$54 million, down from \$56 million in the year-ago period. The company said the decline was due to higher interest rates, which squeezed margins.

(AP, Reuters, Bloomberg)

Intel Net Plunges on Chip Flaw

Bloomberg Business News

SANTA CLARA, California — Intel Corp. said Tuesday that fourth-quarter net income fell 37 percent because of a charge to cover the costs of replacing its flawed Pentium chip.

The pretax charge for replacing several hundred thousand flawed Pentium processors, Intel's newest computer chip, totaled \$475 million, or 70 cents a share. The charge includes costs of manufacturing new chips, contracting service personnel and the写down of inventory of the flawed chips.

The company, which is the world's largest chipmaker, reported net income after the charge of \$372 million, or 86 cents a share, down from \$594 million, or \$1.35, in the year-ago period.

The company's shares fell \$1.125, to \$67, after it had risen as high as \$69.375 earlier in the session. The news of the

See INTEL, Page 10

China Pledges to Repay Loans

Reuters

BEIJING — China will repay all foreign government loans on schedule to maintain its credit standing despite defaults by some recipients, an official told the Xinhua news agency on Tuesday.

The issue of China's ability to repay its foreign debt emerged during an internal speech by Prime Minister Li Peng to a year-end economic conference in November, when he cited repayment as one of the chief economic problems, diplomats said.

Mr. Li said that with loans from the 1980s reaching repayment peaks, China would be severely squeezed to repay in 1995, the diplomats said.

Problems of repayment had

mismanaged projects, were hit by the depreciation of China's currency in recent years or who just simply refused to pay, an official of the Ministry of Foreign Trade and Economic Cooperation told Xinhua.

But most of the more than 1,200 projects with foreign government backing have shown profits, and capital and interest would be paid in line with agreements, the official said.

Banks have been burdened with repayment responsibilities, but China has been introducing tighter guidelines to try to keep the problem under control, the official told Xinhua.

The fact that China can repay the loans on schedule has an important bearing on China's reputation in the world and the Chinese government has

paid great attention to it," Xinhua quoted the official in charge of foreign government loans as saying.

From 1979 to 1994, a total of 22 countries provided China with government loans carrying 15- to 30-year terms, as well as extended time limits of seven to 10 years. Consequently, many loans issued in the early 1980s are now coming due, he said.

China's foreign debt reached \$100 billion at the end of 1994, with about 50 percent in dollars and 25 percent in yen. A Finance Ministry official warned last month that Beijing must improve financial risk management.

Chinese officials say the debt-service ratio is comfortably below the 20 percent of annual export earnings.

MEDIA MARKETS

'News Up!' for TeleSurfers

By Andy Meisler
New York Times Service

HOPING to win the elusive loyalty of channel surfers and compulsive zappers while maintaining its position at the top of the local TV news ratings, a broadcast station in Minneapolis-St. Paul, Minnesota, is making a most unusual leap into the interactive age.

Starting this week, viewers of WCCO's 10 P.M. newscast will be able to customize the 35-minute program, bypassing segments that bore them and selecting alternatives.

While futurists and television theorists have been talking for years about "video on demand," and while several high-tech experimental systems are already demonstrating the service, this CBS affiliate's "News of Your Choice" is being introduced without benefit of fiber-optic cable, mainframe computers or microprocessor-packed television sets.

Instead, it depends on the willing cooperation of a competing station and on viewers' old-fashioned remote control devices. Indeed, perhaps the biggest surprise is just how low-tech and inexpensive this leap really is.

WCCO is offering these choices by broadcasting two simultaneous but different newscasts — one out its own Channel 4 and one on Channel 23, using air time leased from a local rival, KLGK.

Near the top of the hour, viewers will be able to watch a segment containing world news plus a three-minute weather report on Channel 4, or a segment of the same length on Channel 23 containing local news and a 10-second weather forecast.

Viewers will then be able to choose between

a relatively lengthy local feature on Channel 4 and expanded local and national news coverage on Channel 23.

Sports lovers can select a full sports report on one channel, while sports haters can switch to a health segment on another.

The opening headlines and final wrap-up segments will be identical on both channels. So will most of the commercials. Anchors on both newscasts will promote upcoming segments on the other channel.

Whether this tacit endorsement of channel switching will add to WCCO's ratings or simply confuse viewers is a matter of much interest in the television community.

"It looks like we've beaten technology to the punch," said John Culilton, vice president and general manager of WCCO. The new program, Mr. Culilton said, addresses a persistent problem: Viewers devote a limited time each day to watching news but want the programs they do watch to be tailored to their taste and desires.

"By the very nature of the medium you can't satisfy everyone," Mr. Culilton said. "Do people want three minutes of weather? Most say yes, but others don't. Some say they want national and international news, yet most gravitate to shows that don't have very much. We have a survey that says 50 percent of the audience wants sports. But that means half of the population doesn't."

The proliferation of remote control devices has worsened the problem. According to Mr. Culilton, about 90 percent of television households use remote control units, and four out of five viewers change channels an average of five times during a newscast.

Citicorp Doubles Its Dividend

Compiled by Our Staff From Dispatches

NEW YORK — Citicorp, flush with rising profits and \$26 billion in capital, announced Tuesday that it would double its quarterly dividend.

The largest U.S. bank, which began reversing its lagging fortunes in 1991, raised its quarterly shareholder payout to 30 cents a share from 15 cents.

Citicorp last week reported record yearly earnings for 1994 of \$3.4 billion.

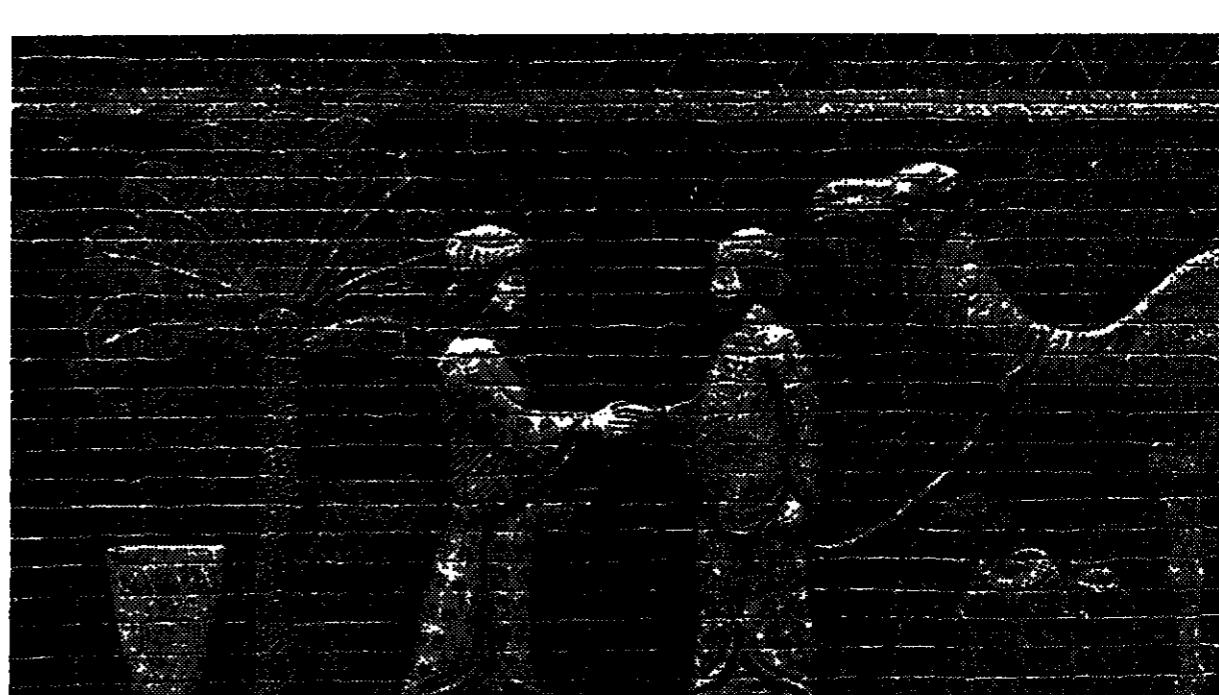
Other large New York banks Tuesday reported mixed results for the fourth quarter of 1994. Many felt pain from weak financial markets, but global consumer and payment processing businesses helped offset the effects.

Chase Manhattan Corp. and Chemical Banking Corp. said profits sagged in the fourth quarter because of weak trading revenues, problems with the Mexican peso and costs related to staff reductions.

Chase Manhattan's earnings fell 27 percent, while Chemical Banking's plunged 48 percent. Bank of New York Co. said earnings jumped 28 percent in the quarter largely because of higher interest income.

(Bloomberg, AP)

OUR PHILOSOPHY OF BANKING GOES BACK 4,000 YEARS.



It was the ancient traders who first established many of today's banking practices. They accepted funds for safekeeping. Bartered goods for services. And extended credit. It was a business based on trust, and a handshake contract was binding.

The world has changed immeasurably since then, but Republic National Bank

still holds to the principles established nearly four millennia ago.

We believe in the primacy of personal relationships, the importance of trust and the protection of depositors' funds. This emphasis has made us one of the world's leading private banks.

We're part of a global group with more than US\$5 billion in capital and more

than US\$50 billion in assets. These assets continue to grow substantially, a testament to the group's strong balance sheet, risk-averse orientation and century-old heritage.

Though cuneiform tablets have given way to modern computers, the timeless qualities of safety, service and personal integrity will always be at the heart of our bank.

Republic National Bank
A Safra Bank

NEW YORK • GENEVA • LONDON • BEIRUT • BEVERLY HILLS • BUENOS AIRES • CARACAS • CAYMAN ISLANDS • COPENHAGEN • DENVER • GIBRALTAR • GUERNSEY • HONG KONG • JAKARTA • LOS ANGELES • LUGANO • LUXEMBOURG • MANILA • MEXICO CITY • MIAMI • MILAN • MONTE CARLO • MONTEVIDEO • MONTREAL • MOSCOW • NASSAU • PARIS • PERTH • PUNTA DEL ESTE • RIO DE JANEIRO • ROME • SANTIAGO • SINGAPORE • SYDNEY • TAIPEI • TOKYO • TORONTO • ZURICH

CURRENCY & INTEREST RATES

Cross Rates

Jan. 17

Close Prev.

1 Euro = 1.2725

1 U.S. dollar = 0.7625

1 British pound = 1.5200

1 Canadian dollar = 1.2525

1 Japanese yen = 102.22

1 Swiss franc = 1.2775

1 Australian dollar = 1.2525

1 New Zealand dollar = 1.2525

1 Norwegian krone = 1.2525

1 Danish krone = 1.2525

1 Swedish krona = 1.2525

1 Icelandic króna = 1.2525

1 Turkish lira = 1.2525

1 South African rand = 1.2525

1 Mexican peso = 1.2525

1 Chilean peso

MARKET DIARY

Shaky Yen Helps Bolster the Dollar

Compiled by Our Staff From Dispatches

NEW YORK — The dollar rose against the yen Tuesday amid concern about Japan's economy because of the earthquake that struck Kobe, one of its industrial cities, on Monday.

The dollar also rose against other major currencies on re-

Foreign Exchange

ports that showed the U.S. economy was still growing fast enough to prompt the Federal Reserve Board to raise interest rates.

"People bought dollars for yen because they didn't know what was going on in Japan," said Karl Haffigan, vice president for strategic trading at CFC Bank New York.

But dollar gains were capped by speculation that Japanese investors and other companies would have to sell their overseas investments, including U.S. Treasury bonds, to pay for the damages, which would bolster the yen against the dollar.

The dollar ended at 99.108 yen, up from 98.390 yen on Monday.

The dollar ended at 1.5328 Deutsche marks, up from 1.5313

DM from Monday; at 1.2865 Swiss francs, up from 1.2843 francs; and at 5.2998 French francs, up from 5.2925 francs.

The pound eased to \$1.5665 from \$1.5685.

Strong capacity use data fueled concern about higher U.S. rates. But many traders said they thought the Fed might refrain from raising rates, given Mexico's financial crisis and the slumping Canadian dollar.

"It feels like the dollar is getting into a no-win situation," said Charles Spence, director of currency sales at Standard Chartered Bank in New York.

In Europe, speculation that interest rates there could soon be heading higher was fueled by comments made by George Risch, the Swiss National Bank's chief economist.

Mr. Risch said that while long-term interest rates could fall in the near future, the central bank was ready to raise rates if economic recovery drove inflation higher.

Rising European rates make the return offered on the dollar less attractive and typically tend to drive it lower against European currencies.

(Bloomberg, Knight-Ridder)

INDUSTRY: Production Surges

Continued from Page 9

Report Chills U.S. Shares

U.S. stocks, coming off a powerful two-day rally, closed mixed on Tuesday after a report showing brisk economic growth rekindled concern the Federal Reserve might raise interest rates later this month. Bloomberg Business News reported.

But traders said that fears about higher rates were partly offset by optimism of strong fourth-quarter corporate earnings.

The Dow Jones industrial index, which had gained 73.34 points in the past two trading sessions, slipped 1.68 points lower to 3,930.66, but gainers outpaced losers by a ratio of 6 to 5.

The benchmark 30-year U.S. Treasury bill rose 9/32 point, to 96 29/32, as its yield slipped to 7.77 percent from 7.79 percent expectations for Fed action to rein in inflation. But yields on Treasury notes and bills with a maturity of three years or less, which are more sensitive to Fed rate increases, rose as much as 10 basis points.

Bankers were pulled lower by weaker-than-expected earnings from Chemical Banking, NationsBank and Chase Manhattan, reflecting the bite of higher rates.

"I have deep skepticism about the validity of them as predictors of inflation," said David H. Resler, chief economist at Nomura Securities International. He noted that the three most recent occasions in which utilization reached about 85 percent — in 1980, in the late 1980s and currently — have been times of widely varied inflation: about 12.5 percent, 4.5 percent and 2.5 percent, respectively.

Other analysts, though not necessarily contending that rates need not be raised for a seventh time in a year, expressed reservations about the figures, particularly the operating rate.

"The economy has a big head of steam up," he said.

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Continued from Page 9

Via Associated Press

INTERNATIONAL HERALD TRIBUNE, WEDNESDAY, JANUARY 18, 1995

Jan. 17

The Dow

Daily closings of the Dow Jones industrial average

5,800

3,900

3,800

3,700

3,600

3,500

3,400

3,300

3,200

3,100

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2,800

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Portuguese Bank Bid Finds Fresh Opposition

Compiled by Our Staff From Dispatches

LISBON — A leading Portuguese industrialist has vowed to rally fellow shareholders to block the takeover of Banco Português do Atlântico SA, Portugal's largest private bank, while the central bank has requested additional information before making a ruling on the bid.

Belmiro Mendes de Azevedo, chairman of Sonae Investimentos, said late Monday he would marshal the target bank's core shareholders to resist a takeover by Banco Comercial Português SA and the insurer Companhia de Seguros Imperio.

The Bank of Portugal governor, Antonio de Sousa, said that "once the dossier is ready and if there are no major problems, it could take about two or three weeks" to make a decision. The central bank has up to three months to make a ruling.

He said the central bank would look carefully at the financing operation being mounted for the bid and would check the solvency ratios of the companies involved.

Mr. Azevedo, the largest individual shareholder in the bank with a stake of 7.2 percent, said he would head a group of 13 businessmen who hold an estimated 28 percent.

The core shareholders also opposed a previous takeover attempt in the middle of last year, but the group's resolve was not fully tested because the government blocked the bid on grounds that a hostile takeover battle could destabilize the Portuguese banking sector.

(AP-DJ, Reuters)

Not-So-United Colors of Benetton

Italian Clothier Sues Its German Retailers

Compiled by Our Staff From Dispatches

MILAN — Benetton SpA has taken legal action against about a dozen German stores that have refused to pay for their products in a dispute over the Italian clothing manufacturer and retailer's controversial advertising campaign.

Owners of about 570 Benetton stores in Germany said that the ads had caused sales to drop by between 10 percent and 30 percent.

The ads, under the slogan "The United Colors of Benetton," have included pictures of dying AIDS victims, kissing nuns, dead Croatian soldiers and colored condoms.

A Benetton spokeswoman, Marina Galati, said, "There is clearly a crisis in the German textile sector. But they can't use the advertising as an excuse: it's been our campaign for years. In fact, Germany had a record year in 1992 with a very hard-fighting campaign."

Benetton said German sales were stable last year in volume terms, but revenue figures were unavailable.

"Our system is very entrepreneurial," Ms. Galati said. "You chose your own clothes, you set your own sales program. If these stores are losing out, others must be gaining."

Benetton operates under a franchise system, with individual stores owned by local business people.

(Bloomberg, AFP, Reuters)

Benetton said it refused an out-of-court amicable settlement because of the media attention Mr. Hartwich and his lawyer, Ulfert Engels, have attracted.

"Benetton's willingness to settle the case has dropped sharply in light of the way Engels and Hartwich have produced themselves," said Michael Hänsler, who is representing Benetton.

A Benetton spokeswoman, Marina Galati, said, "There is clearly a crisis in the German textile sector. But they can't use the advertising as an excuse: it's been our campaign for years. In fact, Germany had a record year in 1992 with a very hard-fighting campaign."

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(Bloomberg, AFP, Reuters)

Buying Up Bull: The Plot Thickens

Reuters

PARIS — The list of companies bidding for at least a 10 percent stake in Groupe Bull appears to be growing.

Japan's NEC Corp., Moura

ola Inc. of the United States, IPC Corp. of Singapore, Quadra of France and probably a consortium led by Dassault Electronique SA's Dassault Automatiques have each bid for a stake of at least 10 percent in the computer maker, according to the business daily Les Echos.

Bidders for a stake of less than 10 percent in Bull, which is expected to be privatized soon, include International Business Machines Corp.

Government officials were not available to comment on the report, which also said that

a decision on the final make-up of shareholders would be decided before the end of February.

NEC already has a 3.74 percent stake in Bull, while IBM has a holding of 2.11 percent.

Quadra, a maker of comput-

er-based signaling equipment,

would be backed in its offer through a joint venture with AT&T Corp., the report said. Last year it was reported that Quadra would hold 51 percent and AT&T would have the rest.

Les Echos said that Bull would announce its results for 1994 on Feb. 17 and that this would occur before the government reached a decision on new shareholders. It said the figures should show that the company's revenue rose by 5.8 percent, to 29.9 billion French francs (\$5.6 billion).

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NE

U.S. Firms Win India Contracts

Compiled by Our Staff From Dispatches

NEW DELHI — Commerce Secretary Ronald H. Brown of the United States announced 10 more deals for American companies on Tuesday, bringing the total amount reached during a ground-breaking trade mission to India to \$4 billion.

Mr. Brown said another \$12 billion worth of agreements was being chased by U.S. companies. "We feel this is just scratching the surface, the tip of the iceberg," he said.

The \$2.6 billion in power, telecommunications, petrochemicals and health-care pacts followed \$1.4 billion worth of deals that were signed on Monday.

After meeting with Prime Minister P.V. Narasimha Rao of India, Mr. Brown said, "I think there is a sea change in the commercial relationship between our two countries."

The current deals included a \$1.1 billion offshore oil and gas production contract for Enron Corp. and a joint venture between Hughes Network Systems Inc. and Nippon Denro Ispat for telecommunications. AES Transpower received a financial guarantee clearing the way for a \$633 million power plant in eastern India.

Mr. Brown also said that Mr. Rao "made an absolute, unequivocal commitment to the continuation of the economic reform process."

The United States has been India's top trading partner since it began the reforms in 1991 by cutting tariffs, simplifying regulations and allowing more foreign investment.

Mr. Brown, leading the largest ever U.S. trade and investment mission, said Mr. Rao responded positively to a suggestion that India open up its financial services and insurance industries to outside companies.

(Reuters, AP, AFP)

Piracy Key to China Trade Talks

Compiled by Our Staff From Dispatches

BEIJING — On the eve of renewed trade talks with the United States, China on Tuesday staunchly defended its protection of copyrights, patents and trademarks.

Over the past 18 months, the two countries have been embroiled in a dispute over China's alleged piracy of U.S. movies, computer software and music. The United States threatened on New Year's Eve to impose trade sanctions on up to \$2.8 billion worth of Chinese goods starting Feb. 4 to make up for U.S. losses on such products. Discussions broke off in acrimony last month, leading the two sides to the brink of trade war.

On Monday, a U.S. trade official said the two sides had narrowed their differences but added that the United States was not prepared to give up its demand that China must act against major pirates of American products.

Chinese state-run media were filled

Tuesday with reports of China's accomplishments in protecting intellectual property to rebut the U.S. accusations.

The president of China, Jiang Zemin, called for efforts by both governments to create a better environment for the growth of economic and trade relations, the official Xinhua news agency said.

Good relations would benefit people in both countries and would "contribute

greatly to the world economy," Mr. Jiang said in a meeting with John Gibbons, President Bill Clinton's science adviser, who was in Beijing for talks on scientific cooperation. Mr. Jiang added that relations were "at a crucial juncture."

China's Foreign Ministry said last week that it would not make any concessions in the negotiations. "The United States cannot simply order China to do

so-and-so," said Guo Shoukang, a professor of law at People's University, according to a China Daily commentary.

The commentary quoted foreign patent law and pointed out that China protects pharmaceutical patents, which many countries do not. Stronger protection for the pharmaceutical industry was one concession that the United States won from China several years ago.

The United States has called for 26 compact disk factories in southern China to be closed and for more power for Chinese police and customs officials to stamp out piracy.

"The best we can hope for right now is for the Chinese government to try to curb the pirating, not stop it," said a spokesman for a major U.S. software company. He said that once China established standards for its computer software, the government would have to better regulate pirating.

Meanwhile, American executives in China and Hong Kong who are keeping a close eye on the dispute said they did not expect any breakthroughs from the talks set to resume Wednesday. William Overholt, managing director of Bankers Trust in Hong Kong, said: "Usually these things go to the eleventh hour and I don't expect this to be any different."

(AP, Bloomberg)

China Woes WTO

Reuters

BEIJING — China said Tuesday that a one-year cut in tariffs on 246 classes of imports was part of its drive to join the new World Trade Organization.

On Monday, the General Customs Administration announced a lowering of tariffs by unspecified amounts on agricultural chemicals, steel varieties and a range of other commodities. The cuts apply retroactively to Jan. 1 and will expire at the end of 1995.

The official China Daily said Tuesday that the temporary tariff reductions were ordered to improve Beijing's bid to join the World Trade Organization, which replaced the General Agreement on Tariffs and Trade on Jan. 1.

China's bid to join GATT in December was unsuccessful.

Analysts saw NEC's announcement as a belated admission that Compaq Computer Corp., the world's top personal computer maker, had a better idea when it introduced discount-priced machines in 1992.

At the time NEC scoffed at the cheaper American machines and said Japanese consumers would remain loyal because they preferred Japanese products.

The price cut will affect the latest model in NEC's PC-98 series of personal computers. NEC said it had set price at 98,000 yen (\$990), the same as the comparable Compaq model.

NEC has held 52 percent of the 700 billion yen Japanese market for personal computers for the past three years. But lately, the company has worried that it has not been able to expand its share.

Foreign companies, meanwhile, grabbed 24 percent of the Japanese market by 1993, according to Datasquest Inc., the market research firm.

President Technology currently makes 50,000 computer monitors per month in Taiwan, mostly for export. The company also rents production lines in southern China.

(Reuters, Bloomberg)

NEC Tries Its Hand At Discounts

Bloomberg Business News

TOKYO — In a break with its policy against discounting, NEC Corp., Japan's largest personal computer maker, said Tuesday it would slash the price of its latest personal computer model in half.

Analysts saw NEC's announcement as a belated admission that Compaq Computer Corp., the world's top personal computer maker, had a better idea when it introduced discount-priced machines in 1992.

At the time NEC scoffed at the cheaper American machines and said Japanese consumers would remain loyal because they preferred Japanese products.

The price cut will affect the latest model in NEC's PC-98 series of personal computers. NEC said it had set price at 98,000 yen (\$990), the same as the comparable Compaq model.

NEC has held 52 percent of the 700 billion yen Japanese market for personal computers for the past three years. But lately, the company has worried that it has not been able to expand its share.

Foreign companies, meanwhile, grabbed 24 percent of the Japanese market by 1993, according to Datasquest Inc., the market research firm.

An NEC spokesman said the company hoped lower prices would increase market share.

NEC also introduced several other personal computer models Tuesday, at prices up to 60 percent cheaper than those of current machines.

Katsuichi Tomita, head of NEC's personal computer marketing division, said the company would keep prices down by cutting the number of parts in each machine and by making the computers in Hong Kong and Taiwan.

NEC introduced the PC-98 series nearly 10 years ago.

Investor's Asia



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

- Taipei's government said it would invest about \$6 billion to improve central Taiwan's transportation facilities. Proposed projects include two airports, several metropolitan transport systems and island-wide connection facilities.
- China's total crude oil output reached 145.9 million tons in 1994, up 1.5 percent from 143.7 million tons in 1993, the official China Oil, Gas & Petrochemicals Co. reported.
- Interintra, a unit of Alcatel Alsthom, said it signed a letter of intent to build a rail line in Karachi, Pakistan. The project, involving services and supplies from several subcontractors, is valued at about 2 billion French francs (\$377 million).
- Tokyo department stores have reported that 1994 sales fell by 3.9 percent from 1993, to 2.41 trillion yen (\$24 billion), the third consecutive year that sales have declined.
- NEC Corp. announced plans to raise about 110 billion yen through two domestic offerings of convertible debentures and a convertible note issue denominated in Swiss francs.
- Premier Li Peng of China said the government would take measures to increase steel exports and tighten restrictions on importing, the official China Daily reported.
- A Bank of Thailand official denied that the central bank was considering a discount rate increase and refused rumors that it had asked Thai commercial banks to raise their minimum lending rates.

AFP, Knight-Ridder, Bloomberg, Reuters

Taiwan Group to Make Computers in Shanghai

Compiled by Our Staff From Dispatches

TAIPEI — President Enterprise Corp., one of Taiwan's biggest investors in China, announced plans Tuesday to establish a beachhead in the potentially huge Chinese computer market.

The diversified food processing and manufacturing company said it planned to invest between 100 million and 200 million Taiwan dollars (\$3.8 million to \$7.6 million) to manufacture personal computers in Shanghai.

The investment would be made through President Technology Inc., a company subsidiary, a spokesman said.

"We're still negotiating with mainland China on property issues, but production in the Shanghai plant should be able to start in September," the spokesman said.

President Technology's move into China comes as the company is negotiating to buy the remainder of Wang Laboratories' stake in WICL Inc., a Taiwan-based computer reseller and maintenance company.

WICL, which is 51 percent-owned by President Enterprise, was until 1992 a subsidiary of Wang, the Lowell, Massachusetts-based computer maker that emerged from bankruptcy protection in September 1993.

The President group is one of Taiwan's biggest investors in mainland China.

President Enterprise has invested 80 million dollars in China's food business, and Taiwan's Investment Commission has approved more than 4 billion dollars in investment projects in China by the group, according to Hsu Ping-yuan, a company vice president.

President Technology currently makes 50,000 computer monitors per month in Taiwan, mostly for export. The company also rents production lines in southern China.

(Reuters, Bloomberg)

Westpac Sees Rising Profit

Bloomberg Business News

SYDNEY — The chairman of Westpac Banking Corp., John Uhrig, told shareholders Tuesday that he expected profit to rise this year.

Robert Joss, the bank's managing director, said the bank was aiming for a profit of about 1 billion Australian dollars (\$760 million), although he did not indicate when Westpac was likely to reach that goal.

He said the robust Australian economy would lift profit but warned that the pace of growth might be slow after gross domestic product grew as much as 6.4 percent in the year ended Sept. 30. Profit surged in that year to 704.7 million dollars from 39.2 million dollars a year earlier.

Mr. Joss also said that Westpac was interested in acquiring Bank of South Australia, which is being sold by the state government of South Australia.



To the Holders of

International Income Fund

Long Term Units - DeutscheMark Portfolio

EBC Fund Managers (Jersey) Limited as Manager of the above mentioned Fund has declared the following dividend per Unit for the financial period ended 31 December, 1994, payable on the 31st January, 1995 in respect of Units in issue on 31st December, 1994.

Long Term Units - DeutscheMark Portfolio

DM 6.00 per Unit - payable against Coupon No. 1.

Unit holders should send their Coupons to the Manager at EBC House, 1-3 Scale Street, St. Helier, Jersey, JE4 8XL, Channel Islands or to one of the following Paying Agents:

Bunkers Trust Company, 280 Park Avenue, New York, N.Y. 10017, U.S.A.

Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.

Arrangements have been made whereby holders of all Long Term Units - DM Portfolio in issue at 31st January, 1995 may reinvest the dividend paid at that date in additional units at a purchase price equal to the Basic Net Asset Value per Unit at 31st January, 1995 (as an indication, the Basic Net Asset Value per Unit was DM 96.86 on 11th January, 1995). This right will be terminated at the close of business on 28th February, 1995. Long Term Unit holders who desire to reinvest their dividend should advise the Manager accordingly when presenting their Coupons for payment.

EBC Fund Managers (Jersey) Limited
Manager

Dated 18th January, 1995

Ford, Mazda Explore Use of Idle Plant Capacity

Compiled by Our Staff From Dispatches

TOKYO — Mazda Motor Corp. and Ford Motor Co. are studying the possibility of jointly using Mazda's spare auto assembly capacity in Japan.

Henry Wallace, a Ford executive currently serving as Mazda's executive vice president, said Tuesday that the two companies were exploring various possibilities but that progress toward such an enterprise would proba-

bly be slow. Ford has a 25 percent stake in Mazda.

The proposed plan would give Ford additional auto production capacity in Asia while making use of Mazda's idle capacity resulting from the sluggish auto demand in Japan.

Mazda took an optimistic view of its prospects on Tuesday, saying that its 1995 domestic vehicle sales should rise 6.6 percent, to 420,000 units. In

1994, sales fell 3.4 percent, to 394,000 units.

"Japanese domestic demand will rise about 4.5 percent in 1995 from 1994," said Yoshihiko Wada, Mazda's president.

Mr. Wallace said Mazda would not be involved in Ford's plan to start a car assembly project in China, where Ford is competing with General Motors Corp. for a stronger foothold.

Meanwhile, another major Japanese auto maker, Honda Motor Co., said Tuesday it would transfer 1,300 white-collar employees and factory

workers from around Japan to sales positions at dealerships.

The move is part of a plan unveiled last week by Honda's president, Nobuhiko Kawamoto, to increase sales by about 46 percent over a three-year period.

(AP, AFX, Bloomberg)

Long Term Units - US\$ Portfolio

EBC Fund Managers (Jersey) Limited as Manager of the above mentioned Fund has declared the following dividend per Unit for the financial period ended 31st December, 1994, payable on the 31st January, 1995 in respect of Units in issue on 31st December, 1994.

Long Term Units - US\$ Portfolio

US\$2.00 per Unit - payable against Coupon No. 34.

Unit holders should send their Coupons to either the Manager at EBC House, 1-3 Scale Street, St. Helier, Jersey, JE4 8XL, Channel Islands or to one of the following Paying Agents:

Bunkers Trust Company, 280 Park Avenue, New York, N.Y. 10017, U.S.A.

Banque Générale du Luxembourg S.A., 14 Rue Aldringen, Luxembourg.

Arrangements have been made whereby holders of all Long Term Units - US\$ Portfolio in issue at 31st January, 1995 may reinvest the dividend paid at that date in additional units at a purchase price equal to the Basic Net Asset Value per Unit at 31st January, 1995 (as an indication, the Basic Net Asset Value per Unit was US\$28.51 on 11th January, 1995). This right will be terminated at the close of business on 28th February, 1995. Long Term Unit holders who desire to reinvest their dividend should advise the Manager accordingly when presenting their Coupons for payment.

EBC Fund Managers (Jersey) Limited
Manager

Dated 18th January, 1995

SABEX FUTURES LIMITED

NASDAQ

Tuesday's 4 p.m.

This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month		High		Low		Stock		Div		Yld		PE		100s		High		Low		Latest		Chg/	
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51% 31% ADflex	-	34	1587	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	47%	
17% 8% AES Chn	-	-	719	19%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	18%	
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AMEX
American Express

Tuesday's Closing

Tables include the nationwide price up to the closing on Wall Street and do not reflect state trades elsewhere. Via The Associated Press

